

ML

**In The Matter Of:**

*R.J. REYNOLDS TOBACCO COMPANY*  
*MATTER NO. D09285*

REC'D 12

STEVEN F. GOLDSTONE

August 5, 1998

*For The Record, Inc.*

*Court Reporting and Litigation Support*

*603 Post Office Road*

*Suite 309*

*Waldorf, MD USA 20602*

*(301) 870-8025 FAX: (301) 870-8333*

*Original File 80805golasc, 91 Pages*  
*Min-U-Script® File ID: 4195670175*

PRODUCED BY R.J.R.T.C  
MIN-U-SCRIPT  
MIN-U-SCRIPT

**Word Index included with this Min-U-Script®**

52189 3408

[1] FEDERAL TRADE COMMISSION  
[2] INDEX  
[3]  
[4] WITNESS: EXAMINATION:  
[5] STEVEN F. GOLDSTONE DAVID SHONKA, Page 4  
[6]  
[7]  
[8]  
EXHIBITS FOR ID DESCRIPTION  
[9] No. 1 4 Executive profile  
[10] No. 2 5 Witness memorandum  
[11] No. 3 24 2/29 memo  
[12] No. 4 25 2/29/96 handwritten  
note  
[13] No. 5 54 5/12/89 memo  
[14]  
[15] No. 6 73 1/2/97 letter  
[16]  
[17]  
[18]  
[19]  
[20]  
[21]  
[22]  
[23]  
[24]  
[25]

Page 1

Page 3

[1] ON BEHALF OF R. J. REYNOLDS:  
[2] JOHN B. WILLIAMS, Attorney  
[3] Collier, Shannon, Figg & Scott, P.C.  
[4] 3050 K Street, N.W., Suite 400  
[5] Washington, D.C. 20007  
[6] (202) 342-8400  
[7]  
[8] ON BEHALF OF RJR NABISCO:  
[9] SARA L. SILBIGER, Attorney  
[10] Senior Counsel, RJR Nabisco, Inc.  
[11] 1301 Avenue of the Americas  
[12] New York, New York 10019-6013  
[13]  
[14] ON BEHALF OF THE WITNESS:  
[15] D. SCOTT WISE, Attorney  
[16] Davis Polk & Wardwell  
[17] 450 Lexington Avenue  
[18] New York, New York 10017  
[19]  
[20] ALSO PRESENT:  
[21] GUY M. BLYNN, Attorney  
[22]  
[23]  
[24]  
[25]

[1] FEDERAL TRADE COMMISSION  
[2]  
[3] In the Matter of:  
[4] R.J. Reynolds Tobacco Co.,  
[5] a corporation. )  
[6]  
[7] Wednesday, August 5, 1998  
[8]  
[9] DAVIS POLK & WARDWELL  
[10] 450 Lexington Avenue  
[11] New York, New York 10017  
[12]  
[13] The above-entitled matter came on for  
[14] administrative deposition, pursuant to notice,  
[15] at 10:25 a.m.  
[16]  
[17] APPEARANCES:  
[18]  
[19] ON BEHALF OF THE FEDERAL TRADE COMMISSION:  
[20] DAVID C. SHONKA, Attorney  
[21] LAURA SULLIVAN, Attorney  
[22] Federal Trade Commission  
[23] 6th Street and Pennsylvania Avenue, N.W.  
[24] Washington, D.C. 20580-0000  
[25] (202) 325-2812

Page 2

Page 4

PROCEEDINGS  
[1]  
[2]  
[3] Whereupon--  
[4] STEVEN F. GOLDSTONE,  
[5] a witness, called for examination, having been duly  
[6] sworn, was examined and testified as follows:  
[7] (Deposition Exhibit Goldstone 1 was marked for  
[8] identification. Exhibit annexed hereto.)  
[9] MR. SHONKA: This deposition is being  
[10] conducted in connection with an administrative  
[11] complaint issued by the Federal Trade Commission in  
[12] the matter of R.J. Reynolds Tobacco Company, Docket  
[13] Number 9285. My name is David Shonka, and I am  
[14] appearing as counsel supporting the complaint.  
[15]  
[16]  
[17] EXAMINATION  
[18] BY MR. SHONKA:  
[19]

[20] Q: Good morning, Mr. Goldstone. My name is  
[21] David Shonka, and I'm the attorney with the Federal  
[22] Trade Commission. With me today is Laura Sullivan,  
[23] also an attorney. We are complaint counsel in the  
[24] Commission proceeding against R.J. Reynolds  
[25] Tobacco Company regarding the Joe Camel campaign.  
[26] For the record, would you please state your  
[27] full name?

51289  
3009

[1] A: Steven F. Goldstone.  
[2] Q: I have already marked as Exhibit 1 a  
[3] document I received yesterday, and I ask you if you  
[4] recognize the document, if you can identify it.  
[5] A: I don't think I have ever seen the  
[6] document before, but it is on RJR Nabisco  
[7] stationery.  
[8] Q: For the record, it is an executive profile  
[9] that identifies Steven F. Goldstone, chairman and  
[10] chief executive officer, RJR Nabisco.  
[11] A: That's right.  
[12] Q: This was given to me in order to shorten  
[13] the deposition so I don't need to spend a lot of  
[14] time on background information. I would ask you to  
[15] look at the document and tell me if it is accurate  
[16] and if there is anything to it that you would like  
[17] to add or subtract or clarify.  
[18] A: It certainly looks like an accurate  
[19] description of my career since leaving school.  
[20] Q: I notice that the document does not make  
[21] any reference to military enlistment.  
[22] A: Military what?  
[23] Q: Enlistment.  
[24] A: No, it does not.  
[25] Q: Were you in the military at all?

Page 5

Page 7

[1] are all here.  
[2] MS. SILBIGER: Sara Silbiger.  
[3] MR. WILLIAMS: John Williams.  
[4] MR. BLYNN: Guy Blynn.  
[5] MR. WISE: Scott Wise.  
[6] BY MR. SHONKA:  
[7] Q: Have you discussed your deposition with  
[8] anyone else?  
[9] A: No.  
[10] MR. SHONKA: I ask the court reporter to  
[11] mark this document as Goldstone Exhibit 2.  
[12] (Deposition Exhibit Goldstone 2 was marked for  
[13] identification. Exhibit annexed hereto.)  
[14] BY MR. SHONKA:  
[15] Q: Mr. Goldstone, I ask you to take a look at  
[16] Exhibit 2 and see if you can identify it for the  
[17] record.  
[18] A: I have read it, and I can identify the  
[19] document. It is a copy of a memorandum I wrote to  
[20] Andy Schindler probably around November 15, 1996.  
[21] Q: Mr. Goldstone, will you please look at  
[22] page 2. I draw your attention to the first full  
[23] paragraph on the page that is indented, where it  
[24] says, "We have been talking for more than a year  
[25] now about work on an alternative to Joe Camel."

[1] A: I was in the Reserves from, I am going to  
[2] say about 1968, something like that.  
[3] Q: Is that National Guard or Army?  
[4] A: Army.  
[5] Q: Are you still in the Reserves?  
[6] A: No.  
[7] Q: When did you -  
[8] A: Mid seventies.  
[9] Q: I note that the Exhibit 1 is dated  
[10] November 1997. Is there any information on the  
[11] background information that you would like to add  
[12] that would be more current than 1997, November?  
[13] A: No. My name is still the same and my  
[14] position is still the same.  
[15] Q: You still reside in Ridgefield,  
[16] Connecticut?  
[17] A: That's correct.  
[18] Q: Did you discuss your deposition with  
[19] anybody before coming here today?  
[20] A: Yesterday afternoon or morning, all these  
[21] lawyers that were at the table visited with me for  
[22] a little while.  
[23] Q: And for the record, would you please  
[24] identify them?  
[25] A: Why don't they identify themselves? They

Page 6

Page 8

[1] How long had you at that time been working on  
[2] an alternative to Joe Camel?  
[3] A: I had not been working on the  
[4] alternative. The people at Reynolds were working  
[5] on an alternative.  
[6] Q: When you say "we," you are referring to  
[7] whom then?  
[8] A: I said I was not working on an  
[9] alternative. People at Reynolds were working on an  
[10] alternative. You are asking me what I mean by the  
[11] word "we" in this paragraph?  
[12] Q: Yes.  
[13] A: The "we" is referring to Andy and me, as  
[14] well as some of his colleagues, and it is referring  
[15] to conversations I had with them about the work  
[16] they were doing on looking at alternatives for Joe  
[17] Camel.  
[18] Q: In the next sentence it says "Time is  
[19] getting short."  
[20] A: Yes.  
[21] Q: Was there a deadline for replacing the Joe  
[22] Camel campaign?  
[23] A: No.  
[24] Q: Was there a deadline for finding an  
[25] alternative to it?

52186  
52187  
52188  
52189

3410  
3411  
3412

Page 9

(1) A: No.  
(2) Q: What did you mean by "Time is getting  
(3) short"?  
(4) A: Really, it was my own view. There was no  
(5) deadline. I think I was trying to convey here that  
(6) I was very interested in making sure that they had  
(7) this as a high priority on the list of their  
(8) management priorities.  
(9) Q: Why was that, sir?  
(10) A: First of all, you have to understand that  
(11) I had been talking to them at management reviews at  
(12) time when they would be telling me that they felt  
(13) that the Joe Camel campaign was nearing and ought  
(14) to be nearing the end of its run for a number of  
(15) reasons including just the amount of time that it  
(16) had been extant, and because of the controversies,  
(17) the public controversies regarding Joe Camel.  
(18) And I certainly felt that the public  
(19) controversies regarding Joe Camel were not a  
(20) positive thing from RJR Nabisco's point of view,  
(21) from a public relations point of view, the overall  
(22) health of the company.  
(23) So that was very interested in making sure  
(24) that the management at Reynolds was focusing on  
(25) seeing whether there was an appropriate alternative

Page 10

(1) from a marketing point of view to Joe Camel.  
(2) Q: When you say you were concerned about the  
(3) controversies surrounding the campaign, what do you  
(4) mean by that?  
(5) A: Well, I believe a number of people in the  
(6) public health community were claiming that Joe  
(7) Camel had an inordinate influence on underage  
(8) teenagers. And there were some who even were  
(9) alleging that the management of Reynolds had  
(10) created the Joe Camel campaign in order to  
(11) influence underage teenagers.  
(12) And in fact, I think your organization had  
(13) brought a lawsuit in that regard, or two lawsuits;  
(14) I can't recall. And this kind of constant  
(15) allegation, whether true or not, I just didn't  
(16) think was in the overall interest of the  
(17) corporation.  
(18) No chief executive of a major American company  
(19) looks forward to having his company being the  
(20) object of public relations campaigns, lawsuits by  
(21) the government, allegations about misconduct,  
(22) whether it is true or not. It is just not good for  
(23) the company.  
(24) Q: You indicated that you had conversations  
(25) with the management team in Winston-Salem to make

(1) sure that there is a high priority, that changing  
(2) the campaign or finding an alternative was a high  
(3) priority. When did you have those conversations?  
(4) A: What I was saying was that management at  
(5) Reynolds had, I and the management at Reynolds had  
(6) had discussions about the role of Joe Camel,  
(7) whether it was in fact an effective campaign,  
(8) whether in fact it could continue to be an  
(9) effective campaign in the future given the  
(10) controversial nature of the campaign.  
(11) And the management at Reynolds had informed me  
(12) on several occasions that they were working on  
(13) alternatives to Joe Camel. And my conversations on  
(14) occasion with the management were to let them know  
(15) that I thought this was a good idea, and that I  
(16) hoped it was high on their priority list.  
(17) And this paragraph in this memorandum was to  
(18) that point.  
(19) Q: You said you wanted to let them know that  
(20) it was a good idea and that it was a high  
(21) priority. Do you recall when you first had those  
(22) conversations?  
(23) A: No.  
(24) Q: Was it after you became chief executive  
(25) officer of the company?

Page 12

(1) A: I don't know. I could have offered my  
(2) opinion about it even when I was general counsel of  
(3) the company.  
(4) Q: If you would look at page 3 of the memo,  
(5) again, you say in the last paragraph, second  
(6) sentence, "But we need to recognize that our time  
(7) is growing short."  
(8) Is that a reference again to the "time is  
(9) growing short" in the second page?  
(10) A: No. They really were two different  
(11) issues.  
(12) Q: What is this reference to time growing  
(13) short?  
(14) A: This really refers to all of the marketing  
(15) issues that I referred to in this memorandum  
(16) regarding all of the major brands of Reynolds.  
(17) Again, my purpose was just to encourage the  
(18) management at Reynolds to make up its mind and  
(19) create its own priorities and to come up with the  
(20) answers and marketing plans for each of these  
(21) brands.  
(22) Q: So the record is clear, when we were  
(23) talking about time growing short just now, we were  
(24) referring to page 3. Is that correct?  
(25) A: You had asked me to compare that phrase

5218  
3411

(1) with the phrase on page 2, so that is what I was  
(2) doing.  
(3) Q: On page 3 also, there is a reference to  
(4) "because of external issues." What were the  
(5) external issues that you had in mind, sir?  
(6) A: I don't know that I can give you exactly  
(7) what I had in mind then, but I believe what was in  
(8) my mind was the, as far as Camel goes, the  
(9) controversy surrounding the Joe Camel campaign.  
(10) Q: What role exactly did you play in the  
(11) decision to terminate the Joe Camel campaign?  
(12) A: It is very hard for me to give you a  
(13) factual answer. I did not make the decision to  
(14) terminate the Joe Camel campaign. That is the  
(15) responsibility and was the decision of Andy  
(16) Schindler and his management team.  
(17) Q: But I take it that you encouraged them  
(18) to -  
(19) A: I think they certainly understood that  
(20) from my point of view, I was pleased that they were  
(21) looking for an alternative to the Joe Camel  
(22) campaign, and that I hoped that they would find an  
(23) alternative to the Joe Camel campaign, and I hoped  
(24) that they would decide to use an alternative to the  
(25) Joe Camel campaign.

[1] They certainly knew my point of view, but it  
[2] is not my practice to interfere with the actual  
[3] management and operations of one of our subsidiary  
[4] companies.

[5] Q: Did you ever expressly convey your point  
[6] of view to management?  
[7] A: I would say - I can't recall anything  
[8] specific I said, but I think that the management of  
[9] Kefroids was aware of my point of view, yes.

[10] Q: You say that your point of view was clear  
[11] even when you were general counsel?  
[12] A: I said that I may have expressed my point  
[13] of view. I don't have a recollection of whether I  
[14] did or not.

[15] Q: But at some point you did make it clear?  
[16] A: At some point I made the statements I just  
[17] talked to you about making.

[18] Q: You don't recall when?  
[19] A: We know that I made certain statements on  
[20] November 15th, as they were contained in this  
[21] memorandum.

[22] Q: Yes. And the November 15th memorandum  
[23] refers to work that had been going on or  
[24] discussions that had been going on for more than a  
[25] year?

Page 13

(1) A: You would have to show me.  
(2) Q: First page, page 2, first full indented  
(3) paragraph, "We have been talking for more than a  
(4) year about work on an alternative to Joe Camel."  
(5) A: I don't have an independent recollection  
(6) of it, but if I said that in this memorandum, I  
(7) must have believed it at the time.  
(8) Q: So at least before November 15th, 1995?  
(9) A: I do believe we were talking about this  
(10) subject before November 1996. You are saying  
(11) whether it was going on before November 15, 1995?  
(12) If that is your question, I don't know the answer  
(13) to that.  
(14) Q: But the fact that the memo refers to  
(15) conversations taking place more than a year  
(16) before -  
(17) A: I have no reason to believe that that is  
(18) an inaccurate statement.  
(19) Q: Back in January of this year, you  
(20) testified before the House Congress Committee, and  
(21) you said that, "I felt quite strongly when I came  
(22) to a conclusion a number of months ago that our  
(23) company for a lot of reasons should not be using  
(24) Joe Camel." Do you recall making that statement?  
(25) A: I do believe I made a statement like that,

Page 14

[1] yes.  
[2] Q: What were the reasons that you felt so  
[3] strongly about when you concluded that RJR - that  
[4] Reynolds Tobacco should not be using Joe Camel?  
[5] A: I think I already told you the reason.  
[6] Basically I did not think it was in the interest of  
[7] the company to be using a marketing campaign that  
[8] was subjecting the corporation to so much criticism  
[9] and public relations attacks and lawsuits by the  
[10] government, when balanced against the fact that  
[11] there was a lot of evidence, from my point of view,  
[12] that the Joe Camel campaign, maybe because of the  
[13] controversies relating to it, was not as effective  
[14] as a marketing campaign as maybe it was at one  
[15] point.  
[16] Q: Do you know when the company first became  
[17] concerned about the allegations that the Joe Camel  
[18] campaign might appeal to children and adolescents?  
[19] A: It isn't really a question of the company  
[20] becoming concerned. It is what I have already told  
[21] you. As chief executive of the company, I did not  
[22] think it was - I thought it was harmful to the  
[23] company to be the subject of allegations, attacks,  
[24] lawsuits, public relations campaigns against the  
[25] company.

Page 13 - Page 16 (6)

## Min-U-Script®

For The Record, Inc. -- (301)870-8025

Page 17

(6) And this harm to the company from a public  
(7) relations point of view was going to occur whether  
(8) or not the allegations had any basis.

(9) Q: The Joe Camel campaign was terminated  
(10) when June of '97?

(11) A: It was in the spring or maybe very early  
(12) summer of '97. It has been over a year ago.

(13) Q: Why did the company wait so long to  
(14) terminate the campaign?

(15) MR. WISE: Object to the form of the  
(16) question.

(17) THE WITNESS: I would think if you ask the  
(18) management of Reynolds, they would tell you they  
(19) didn't wait a minute too long. They went about  
(20) their business in a professional manner. When they  
(21) came up with a campaign that they thought would be  
(22) more effective than the Joe Camel campaign and that  
(23) they were satisfied it would strengthen the Camel  
(24) brand, they implemented it.

(25) And like any professional management, they did  
(26) it after reasonable inquiry and reasonable  
(27) testing. So I don't think they would agree with  
(28) you that they waited too long. And based on my own  
(29) knowledge of how they went about analyzing their  
business and testing alternatives, I think they

Page 18

(1) acted from my point of view, very professionally  
(2) and appropriately.

BY MR. SHONKA:

(3) Q: Are you aware of when the allegations  
(4) concerning the Joe Camel campaign appealing to  
(5) children first arose?

(6) A: No.

(7) Q: Did you have an understanding that they  
(8) existed as early as 1990?

(9) A: I do know that they existed before I came  
(10) to the company in any capacity.

(11) Q: When was that, sir?

(12) A: I think that was '95. I know that there  
(13) were allegations about Joe Camel when I got to the  
(14) company. That is about the best I can do.

(15) Certainly there had been going on before I got  
(16) there.

(17) Q: Before 1995, you were a partner at Davis  
(18) Polk in New York?

(19) A: Correct.

(20) Q: Did you do any work for Reynolds?

(21) A: I had done work for RJR Nabisco on several  
(22) corporate or antitrust or securities laws matters  
(23) as late as the LBO effort, which I think was in the  
(24) late eighties. I don't believe I did any work for

Page 19

(1) RJR Nabisco or any of its subsidiaries again until  
(2) probably the end of '94.

(3) Q: Have you ever discussed with the people at  
(4) the tobacco subsidiary the length of time it took  
(5) them from when concerns were raised about the Joe  
(6) Camel campaign to the time when they terminated it?

(7) A: No. I actually believed that the most  
(8) emphatic I had ever been in terms of making sure  
(9) that this was a priority for them was probably  
(10) reflected in this November 15, 1996 memorandum.

(11) Q: Are you familiar with the "What you are  
(12) looking for" campaign?

(13) A: I have seen parts of it, yes.

(14) Q: Did you approve the campaign?

(15) A: It isn't - no. I wouldn't in the  
(16) ordinary course approve a marketing campaign.

(17) Q: Did you review it before it was launched?

(18) A: Andy Schindler and his people showed me  
(19) examples of it before it was launched, yes.

(20) Q: And his people were?

(21) A: Lynn Beasley and I think maybe Fran  
(22) Creighton.

(23) Q: And Mr. Schindler?

(24) A: Yes, Andy Schindler as well.

(25) Q: Anyone else that you can recall?

Page 20

(1) A: Not that I can recall.

(2) Q: Are you familiar with the "Mighty tasty"  
(3) campaign?

(4) A: Andy and Fran and Lynn showed me some work  
(5) in progress a few months ago, yes, and I have seen  
(6) a couple of billboards or advertisements just as I  
(7) have been driving along the road.

(8) Q: That is the extent of your familiarity  
(9) with it?

(10) A: That is it.

(11) Q: Do you know if there were any concerns  
(12) that the "Mighty tasty" campaign might appeal to  
(13) those under the age of 18?

(14) A: I am absolutely sure that Andy and his  
(15) people focused on that issue in developing that  
(16) campaign, as they have assured me they do in  
(17) developing any campaign for their products.

(18) Q: Do you believe that the "Mighty tasty"  
(19) campaign is free of the concerns that surrounded  
(20) the Joe Camel campaign?

(21) MR. WILLIAMS: Objection to the form of  
(22) the question.

(23) THE WITNESS: I would have to assume that  
(24) there is no campaign from the Reynolds Tobacco  
(25) Company that is not going to be the subject of

52189  
3413

(11) allegations, either from your organization or other  
(12) parts of the public health community or our  
(13) competitors or who knows who.

(14) It is a controversial business in a difficult  
(15) time. There were people who are looking to - who  
(16) question the propriety of it being a legal  
(17) business, and they are going to attack any way that  
(18) the company attempts to market its product.

(19) So again, I would be very surprised if Andy  
(20) and his people were not focused on that issue at  
(21) all times.

BY MR. SHONKA:

(22) Q: Has it been discussed with you?

(23) MR. WISE: "It" being?

(24) MR. SHONKA: The issue.

(25) MR. WISE: What issue?

(26) THE WITNESS: I had one presentation,  
(27) again, on that campaign. I have had conversations  
(28) with Andy Schindler, the specifics of which I am  
(29) not sure I can recall, but just about his general  
(30) policies regarding making sure that our campaigns  
(31) were not inadvertently directed at underage  
(32) smokers.

(33) So in that sense, I may have had conversations,  
(34) but nothing specific with Andy on that campaign.

Page 21

Page 23

(11) time. I recall when I became general counsel  
(12) having an orientation session with the tobacco  
(13) company management, including Andy Schindler,  
(14) although at that time Andy was not chief executive  
(15) of the tobacco business.

(16) And I recall on other occasions having  
(17) conversations either with Andy or his general  
(18) counsel or with Lynn Beasley about their efforts  
(19) and their policies directed at making sure that the  
(20) company, I, clearly doesn't in any way  
(21) intentionally market to underage teenagers, but  
(22) also to try to prevent an inadvertent focus in that  
(23) area.

(24) Q: Do you recall when any of those  
(25) conversations took place?

(26) A: No.

(27) Q: Do you have an approximate time frame?

(28) A: No. I think the first one I had and maybe  
(29) the most detailed one I had was probably when I was  
(30) general counsel of the company. And I just on  
(31) occasion have had an opportunity to have some  
(32) discussion with one of the representatives of the  
(33) tobacco company on odd occasions.

(34) It may well be that one of the representatives  
(35) of the company, the general counsel or one of the

Page 22

Page 24

(1) BY MR. SHONKA:

(2) Q: Anything specific to the "Mighty tasty"  
(3) campaign?

(4) A: No.

(5) Q: Do you recall when this conversation with  
(6) Andy took place?

(7) A: The presentation that Andy and his people  
(8) made to me was part of - I believe was part of  
(9) a quarterly operating review and I think it was  
(10) either in late winter or early spring.

(11) Q: Just so the record is clear here, let me  
(12) back up. When you refer to the quarterly operating  
(13) review is that the time when you reviewed the  
(14) "Mighty tasty" campaign?

(15) A: You know, I don't have a specific  
(16) recollection, and I may be reasoning here, but I  
(17) think I saw that campaign or early drafts, so to  
(18) speak, of pieces of the campaign when I was down in  
(19) Winston-Salem. And I believe I was down there for  
(20) a quarterly operating review.

(21) Q: In answer a few moments ago you had  
(22) referenced a conversation in which you had a  
(23) general discussion about what the tobacco company  
(24) does to ensure that its ads -

(25) A: I don't think that took place at the same

(11) marketing people or Andy himself, may have made a  
(12) presentation to our board on the subject. I am not  
(13) sure.

(14) Q: In spring and early summer of 1997, RJR  
(15) Nabisco was negotiating with the State attorney  
(16) generals to resolve pending lawsuits. Is that  
(17) correct?

(18) A: Yes. I think those discussions resulted  
(19) in what is now known as the June 20th agreement.

(20) Q: Did the fact that those discussions were  
(21) going on play any role in the decision to terminate  
(22) the Joe Camel campaign?

(23) A: It didn't play any role in my thinking  
(24) about the Joe Camel campaign. I am going to  
(25) speculate and guess that it didn't play a role in  
(26) Andy's decision to terminate the campaign, but you  
(27) would have to ask him about that.

(28) Q: He said it didn't. What is the status of  
(29) the June 20th agreement?

(30) A: You tell me. It right now is pretty much  
(31) a dead issue because Congress has not indicated any  
(32) willingness to enact the provisions of the  
(33) agreement that would need to be enacted in order  
(34) for it to go into effect.

(35) Q: Under the June 20th agreement, the Joe

52189

414

Page 25

(1) Camel campaign would have been terminated. Is that  
(2) correct?

(3) A: I believe that under the June 20th  
(4) agreement, most marketing, typical marketing type  
(5) campaigns, of which Joe Camel would be one, would  
(6) be terminated, yes.

(7) Q: Now that the June 20th agreement is a dead  
(8) issue, is Reynolds free to bring back the Joe Camel  
(9) campaign?

(10) A: I would think that, in a way I am going to  
(11) just qualify it by saying I am no longer in the  
(12) practice of law, or at least I am not right now,  
(13) but I would say that from what I understand, that  
(14) it is legally free to do that, yes.

(15) MR. SHONKA: I ask the reporter to mark  
(16) the next document as Goldstone Exhibit 3, please.

(17) (Deposition Exhibit Goldstone 3 was marked for  
(18) identification. Exhibit annexed hereto.)

(19) BY MR. SHONKA:

(20) Q: I ask you, Mr. Goldstone, to please take a  
(21) look at Exhibit 3 and tell us if you can identify  
(22) the document.

(23) A: I am somewhat familiar with the subject,  
(24) but I am not - I can't tell you that I can  
(25) identify this document, no.

Page 25

(1) person.

(2) Q: So you don't know if this memo went to Mr.  
(3) Pierce when he was in the tobacco company or when  
(4) he was with Nabisco?

(5) A: Again, guessing, looking at it, he was  
(6) probably at RJR Nabisco at the time. But I am not  
(7) positive.

(8) Q: Who is Mr. R.S. Keith?

(9) A: He is an analyst at Reynolds Tobacco  
(10) Company.

(11) Q: And you have no recollection as to why you  
(12) may have requested the data that is the subject of  
(13) this -

(14) A: I don't have any specific recollection,  
(15) but I certainly want to see - it wouldn't surprise  
(16) me to want to see what our market share is when  
(17) compared to three other major brands in the  
(18) industry. I look at market share data all the  
(19) time.

(20) Q: Do you look at market share data for 18 to  
(21) 24-year-olds specifically all the time?

(22) A: No. I don't think it is available all the  
(23) time. I think the data is published by some group  
(24) on a quarterly basis. That is my recollection. I  
(25) don't recall seeing any data actually for the last

Page 26

(1) Q: So the record is clear, let me state that  
(2) it is a memo from Roger Hill to Tom Pierce,  
(3) dated February 29, 1996, subject: "Share of  
(4) smokers" and it has a one-page attachment to it.  
(5) You said that you are somewhat familiar with  
(6) the subject.

(7) A: Right, because my understanding is that  
(8) there is a recognized tracking system that  
(9) publishes market share data on the smoker category  
(10) called, I think it is between 18 and 24, it says  
(11) here it is between 18 and 24. I wasn't exactly  
(12) sure of the ages, but I know it is in the younger  
(13) category of legal smokers.

(14) That is published on a quarterly basis. This  
(15) doesn't seem to be on a quarterly basis, and it is  
(16) tracking it over a ten-year period. I don't recall  
(17) the circumstances of this. But I do know that  
(18) there is tracking data relating to this segment of  
(19) the consumer population.

(20) Q: Who is Roger Hill? Do you know?

(21) A: I don't know.

(22) Q: How about Tom Pierce?

(23) A: Tom Pierce is a person at RJR Nabisco,  
(24) today he is at RJR Nabisco, I don't know whether he  
(25) was at Reynolds at the time, who is a financial

(1) probably year. But on occasion I will see the  
(2) data.

(3) It will come out, or I think I have seen - I  
(4) don't think I have seen it in the last six or nine  
(5) months, but I have seen it before.

(6) Q: Do you know why you would have requested  
(7) data for Camel, Marlboro and Newport?

(8) A: No more than what I have just said. Camel  
(9) Marlboro and Newport were three major brands. They  
(10) are probably the three leading brands in what is  
(11) known as the full-priced segment in the industry.

(12) Q: Do you know why you would have asked for  
(13) data over a ten-year period?

(14) A: No. Let me just see. I just don't have a  
(15) specific recollection of the document, but if you  
(16) are asking me to reason about it, obviously that  
(17) shows trends. And February 29, 1996, I had just  
(18) pretty much taken on this job. So it could have  
(19) been just as a general background matter.

(20) Q: Would it have been related to the Joe  
(21) Camel campaign at all?

(22) A: I cannot say no because I can't  
(23) recollect. It is conceivable. But seeing that I  
(24) have also asked for Marlboro and Newport, it tells  
(25) me I was trying to get some background on the

52189 3415

[1] competitive trends of these major brands. But I  
[2] really don't know enough, have a recollection  
[3] enough to be certain about it.  
[4] MR. SHONKA: Let's mark Exhibit 4.  
[5] (Deposition Exhibit Goldstone 4 was marked for  
[6] identification, Exhibit annexed hereto.)  
[7] MR. SHONKA: For the record, Exhibit 4 is  
[8] a handwritten note that is dated 2/29 to Steve from  
[9] Rich Russell with an attachment.  
[10] BY MR. SHONKA:  
[11] Q: Mr. Goldstone, have you seen Exhibit 4  
[12] before?  
[13] A: Actually this is not quarterly either. My  
[14] recollection is that it is data that is published  
[15] quarterly, but maybe I would only see it on an  
[16] annual basis. So again, I don't have a specific  
[17] recollection of it, but I do recall this kind of  
[18] format.  
[19] Q: "This kind of format" refers to page 2 of  
[20] the document?  
[21] A: Yes. This looks more familiar to me than  
[22] the third page of the document.  
[23] Q: The third page of the document is the same  
[24] as the second page of Exhibit 4.  
[25] A: Correct.

Page 29

[1] Q: Who is Rich Russell?  
[2] A: He is the controller of R.J. Nabisco.  
[3] Q: Does he report to you directly?  
[4] A: I think he reports to our chief financial  
[5] officer.  
[6] Q: Who is that?  
[7] A: That is David Rickard.  
[8] Q: It was David Rickard in '92?  
[9] A: NO. I think then it was Robert Roath.  
[10] Q: Is Mr. Roath still with the company?  
[11] A: NO.  
[12] Q: Do you know where he is now?  
[13] A: No. I don't.  
[14] Q: If I could refer you to the handwritten  
[15] note that is the cover, it says "Steve." I take it  
[16] that you recognize that it is directed to you?  
[17] A: Yes.  
[18] Q: "This is the detail on Camel YAS share"?[19] A: Yes.  
[20] Q: "As usual, your suspicions were dead  
[21] right."  
[22] A: Yes. Now I recall this. Yes, I do recall  
[23] this.  
[24] Q: What do you recall?  
[25] A: I was looking - in my own mind, I was

[1] interested in whether the controversy regarding Joe  
[2] Camel was decreasing its effectiveness as a  
[3] marketing tool, as a marketing program. And based  
[4] on what I had heard, and I think it was actually at  
[5] the time I was general counsel of the company, I  
[6] had a sense that some of the attractiveness to  
[7] smokers in their 20's and early 30's of Joe Camel  
[8] was being worn down because of the controversies  
[9] over the image itself, because of the public  
[10] relations against it and otherwise.  
[11] And this was really going more to my own mind,  
[12] kind of hoping that the tobacco company would come  
[13] to the conclusion that the image ought to be  
[14] replaced.  
[15] Q: And so the reference to "your suspicions  
[16] were dead right," do you know what that refers to?  
[16] A: Yes. I believe that at the time I had  
[18] believed, my own personal belief, and I am a layman  
[19] in this regard, I am not a marketing expert, but my  
[20] own personal belief was that Joe Camel wasn't  
[21] terribly effective.  
[22] If it ever had been, it wasn't very effective  
[23] anymore as a marketing tool for the Camel brand.  
[24] Q: Looking at the data on Exhibit 2, could  
[25] you tell me how that supports your suspicions?

Page 31

Page 30

[1] A: I don't think you could look at that data  
[2] necessarily on the page, the second page. I think  
[3] you would have to look at the third page to come to  
[4] that judgment.  
[5] Q: Would you do that, please?  
[6] A: Yes. I would look at the data on the  
[7] third page, and again, I qualify this, I am not a  
[8] marketing expert, but if I were to draw trend  
[9] lines, and people in the companies and in marketing  
[10] companies are always drawing trend lines, you would  
[11] draw a line from 1992 to 1995 for Camel, and that  
[12] was a negative trend.  
[13] And you would draw a trend line for Marlboro  
[14] from the same period. That was a positive trend  
[15] consistently. And you would draw a trend line for  
[16] Newport for that period, and that was a positive  
[17] trend line also. So you would see our competitors  
[18] with positive trend lines and Camel with a negative  
[19] trend line.  
[20] Q: Does the data on page 2 have any  
[21] significance to you, referring to Exhibit 4?  
[22] A: I don't know if it is the same or  
[23] different. As you go through this, my  
[24] recollection, I am smiling because it is now really  
[25] refreshed as to the sequence of events here.

52189  
341

Page 33

(11) I received this second page, which is the page  
(12) with the Reynolds stationery on it, the chart, and  
(13) if you looked at Camel, it showed a very  
(14) significant growth between 1990 and 1995, a growth  
(15) pattern greater than Marlboro and Newport.

(16) But based on the operating reports I had heard  
(17) from our management in Winston-Salem when I was  
(18) general counsel and first became chief executive of  
(19) the company, I had an instinct that the growth in  
(20) the last couple of years was not as great as what  
(21) would be indicated by looking at the chart, if you  
(22) just looked at the chart, that was given to me on  
(23) the Reynolds stationery.

(24) So I asked our controller if he would get the  
(25) data from the years between 1990 and 1995 so I  
(26) could literally look at trends for the Camel  
(27) brand. He then sent me the trend data on an annual  
(28) basis, or the data from which you could draw a  
(29) trend, and sent me a note on the top saying "Your  
(30) suspicions are confirmed."

(31) In effect, the Camel brand is not growing. It  
(32) is flat, or even declining. I am sorry it took me  
(33) a while to refresh my recollection, but that is  
(34) what happened.

(35) Q: That is all right. So your testimony

Page 34

(1) then, if I understand it, is that page 2 of Exhibit  
(2) 4 is the first document you received -

(3) A: I believe so.

(4) MR. WISE: There is a date there at the  
(5) bottom of either the 26th or the 28th of February.

(6) MR. SKONKA: 2/26 or 28, '96, yes.

(7) BY MR. SKONKA:

(8) Q: And then you asked for additional  
(9) information and the result, apparently three days  
(10) later, was what is now Exhibit 4 which had the  
(11) cover note, the attachment of which is page 2, and  
(12) the underlying data. Is that correct?

(13) A: That's correct.

(14) Q: Now, in the second sentence of the cover  
(15) note it says, "You will note that the gap to  
(16) Marlboro has increased from 43 points to 52 over  
(17) the decade." Do you have an understanding of what  
(18) that is about?

(19) A: No; no idea.

(20) Q: Do you recall asking about Marlboro?

(21) A: No. I don't believe I did. I think when  
(22) I saw this information, my question was answered.

(23) Q: So the first sentence in the note refers  
(24) to what you had requested, and the second sentence  
(25) is -

Page 35

(1) A: Mr. Russell volunteered that to me.

(2) Q: Did you ever discuss it with him?

(3) A: No.

(4) Q: You have seen, haven't you, the Camel cash  
(5) catalog?

(6) A: Excuse me. I am sorry. I can reason  
(7) through what Mr. Russell was talking about now. He  
(8) is obviously just subtracting and coming to a gap.  
(9) You can do the arithmetic. He is basically trying  
(10) to tell me what seems obvious from looking at the  
(11) trend data, that Camel had had a spurt of growth  
(12) but was declining, and the Marlboro brand was  
(13) continuing to grow on a regular basis.

(14) Q: Again, do you know why he would have given  
(15) you that information or pointed it out?

(16) A: I think it is no more than redundant from  
(17) looking at the flat trend of Camel and pointing out  
(18) that Camel is flat and declining and Marlboro and  
(19) Newport are growing.

(20) Q: I notice we have been going for about an  
(21) hour now. Would you like to take a brief break?

(22) A: I am fine.

(23) Q: You have seen the Camel cash catalog that  
(24) is currently being used by the tobacco company,  
(25) haven't you?

Page 36

(1) A: If I have seen it, it is because it may  
(2) have been shown to me in Congress in my testimony.  
(3) That would be the only time I have seen it.

(4) Q: In fact, when you were appearing before  
(5) the House, you commented at one point that, "I am  
(6) not sure what this is other than just looking at it  
(7) now. But if it exists today, it is not going to  
(8) exist. I don't know that I can say tomorrow it  
(9) will be gone, but it should be gone. We are not  
(10) going to use Joe Camel."

(11) Do you recall saying that?

(12) A: I do recall saying that.

(13) Q: That was in reference to the Camel cash  
(14) catalog?

(15) A: It was in reference to some catalog that  
(16) had Joe Camel involved in it. That is about all I  
(17) can remember.

(18) Q: Was that the first time you had seen that  
(19) catalog?

(20) A: Yes.

(21) Q: It was your understanding that the Joe  
(22) Camel campaign had been terminated in June, or in  
(23) the summer at least of 1997?

(24) A: That Andy had made the decision to do  
(25) that. I don't know when all the stuff disappeared.

5  
2  
1  
8  
6  
3  
4  
17

(11) but I do know that that was the decision, correct.  
(12) Q: Did you ever discuss that catalog with Mr.  
(13) Schindler?  
(14) A: I don't recall whether it was Andy. It  
(15) was with someone, and it may have been Andy, at the  
(16) tobacco company. After my testimony in Congress, I  
(17) did have a conversation with someone in the tobacco  
(18) company along the lines of, What are these people  
(19) in Congress talking about? What is this catalog?  
(20) And I received some explanation.  
(21) Q: Do you recall who that conversation was  
(22) with?  
(23) A: No. It could have been Andy. It could  
(24) have been Lynn. It could have been Fran  
(25) Crispin. It could have been their general  
counsel. I am not sure.  
(26) Q: Do you recall what they told you?  
(27) A: Only in the most general sense that it was  
(28) a catalog - I think it had to do with, not Camel  
(29) cigarettes, memorabilia of Camel campaigns, and  
(30) that Joe Camel was part of it. It was a  
(31) catalog that was already out there, and that it  
(32) wouldn't last beyond, I think they said the end of  
(33) '98.  
(34) Q: Did they tell you why you had not seen the

(1) possible. I don't think it is in the company's  
(2) interest to be, to continue to have that  
(3) controversy fester. I tend to believe that that is  
(4) how the people at Reynolds feel.  
(5) But at any rate, that is my feeling, and I  
(6) think that is what the statement I made in Congress  
(7) was about.  
(8) Q: Did you make a summary statement to the  
(9) people at the tobacco company?  
(10) A: I think the people at the tobacco company  
(11) know my point of view. And as I say, they have  
(12) already themselves come to the conclusion that Joe  
(13) Camel, that continuing to use Joe Camel is not in  
(14) their interest for a number of reasons. And I  
(15) don't think they have any plans to use Joe Camel.  
(16) Q: You said a few moments ago that they told  
(17) you that it is not a marketing tool, but something  
(18) else?  
(19) A: What I mean by a marketing tool. I don't  
(20) know what the purpose of Joe Camel as an object in  
(21) a catalog with a lot of other memorabilia is. But  
(22) whatever the reason it is, I think they have the  
(23) same intention.  
(24) My understanding of their intention is that,  
(25) the way that it was explained to me was that this

(1) catalog before it was -  
(2) A: No. They wouldn't have to tell me that.  
(3) I don't see the marketing details like that. In  
(4) the ordinary course it wouldn't come up.  
(5) Q: You have made the comment to the House  
(6) that "If this exists today, it is not going to  
(7) exist." What did you mean by that?  
(8) A: The thrust of what I meant is I can't give  
(9) you exactly what I meant because I am not in that  
(10) - I don't have it in my memory, was that we were  
(11) not going to use Joe Camel as a marketing tool  
(12) anymore.  
(13) And I think that the tobacco company, what I  
(14) learned from the tobacco company was that they were  
(15) not using Joe Camel as a marketing tool, that this  
(16) was a historical item, and in any event, they would  
(17) be sure that he would be out of any kind of catalog  
(18) like that when the offer to people expired, which I  
(19) believe they said was at the end of the year.  
(20) Q: You made the comment that "It should be  
(21) gone." What did you mean by that? If you want me  
(22) to read the whole thing in context I will.  
(23) A: No. I think, again, as head of one of the  
(24) world's largest companies, I would just as soon see  
(25) the Joe Camel controversy gone as soon as

(1) would be out of any kind of catalog like this when  
(2) the offer expired at the end of the year.  
(3) Q: Did you suggest to the people at the  
(4) tobacco company that they ought to pull the catalog  
(5) sooner than the end of the year?  
(6) A: No.  
(7) Q: Did you consider suggesting that to them?  
(8) A: No.  
(9) Q: Did they ask you if you wanted it pulled  
(10) before the end of the year?  
(11) A: No.  
(12) Q: Are you aware that people under the age of  
(13) 18 can purchase Joe Camel merchandise from the  
(14) catalog if they pay cash and represent that they  
(15) are 21 years or older?  
(16) MR. WILLIAMS: I am going to object to the  
(17) form of the question. No facts are in evidence on  
(18) that.  
(19) MR. WISE: I don't understand the  
(20) question.  
(21) THE WITNESS: Whatever it is, I don't know  
(22) the details of how people can or cannot. I don't  
(23) even know whether they are given out for free or  
(24) purchased. I don't know enough details about it to  
(25) be able to answer the question intelligently. I

52189  
3418

Page 41

(1) just don't know.  
(2) MR. SHONKA: Just so that we are clear on  
(3) the question, would you please reread the  
(4) question?  
(5) (The record was read as requested.)  
(6) THE WITNESS: I don't know whether that is  
(7) true or not.  
(8) BY MR. SHONKA:  
(9) Q: No one has ever discussed that with you?  
(10) A: No.  
(11) Q: Assume that it is true. Would that be a  
(12) concern to you?  
(13) MR. WILLIAMS: Same objection.  
(14) THE WITNESS: My personal point of view, I  
(15) would not want to see a situation where young  
(16) children were using any kind of cigarette  
(17) advertising or cigarette image as a play toy or an  
(18) image that they want to keep up on their shelves at  
(19) all. That would not be something that I think is  
(20) appropriate.  
(21) BY MR. SHONKA:  
(22) Q: Last week we took Mr. Schindler's  
(23) deposition and at that time he indicated that the  
(24) industry has spent about \$40 million on a public ad  
(25) campaign expressing the tobacco company industry's

Page 42

(1) views on the McCain legislation. Is the \$40  
(2) million figure an accurate one to say?  
(3) MR. WISE: Is this relevant to this  
(4) inquiry, David?  
(5) MR. SHONKA: I believe so.  
(6) MR. WISE: What does it have to do -  
(7) MR. SHONKA: It is only a couple of  
(8) questions, but I do believe that it pertains to it.  
(9) THE WITNESS: I cannot tell you how much  
(10) the industry spent or what our ~~share~~ it was. It  
(11) is in the millions of dollars, and 40 million may  
(12) be a reasonable figure. I just don't have it in  
(13) hand.  
(14) BY MR. SHONKA:  
(15) Q: Have you approved the ad campaign at all?  
(16) A: No.  
(17) Q: Have you reviewed any of it?  
(18) A: I don't believe I reviewed any of the ads  
(19) that were used.  
(20) Q: Who decided that Reynolds would be  
(21) involved in the ad campaign?  
(22) A: I don't recall that we made any formal  
(23) decision about it. But I certainly believed that  
(24) the tobacco industry needed to communicate and  
(25) invest in communicating directly with the American

(1) people.  
(2) MR. SHONKA: Could you read that answer  
(3) back, please?  
(4) (The record was read as requested.)  
(5) BY MR. SHONKA:  
(6) Q: When you say you had not made any formal  
(7) decision about it, what do you mean?  
(8) A: You said who decided. Clearly I believe  
(9) it is an important thing for the company to do. I  
(10) think Andy Schindler believes it is an important  
(11) thing to do, and we have participated in doing it.  
(12) I can't even tell you today, I believe the  
(13) actual investment by our company is probably coming  
(14) out of the tobacco company's budget, but it just as  
(15) easily could come out of RJR Nabisco's budget.  
(16) Q: Who would decide that?  
(17) A: A lot of it is accounting.  
(18) Q: I am puzzled by what seems to me to be a  
(19) rather large ad campaign and no formal decision.  
(20) A: We don't do things on a very formal  
(21) basis. This is clearly something that is important  
(22) to RJR Nabisco. I stood up publicly in Washington  
(23) and said I was going to do this, and I didn't make  
(24) a formal decision within the company when I said to  
(25) the whole country that I was going to invest in an

Page 44

(1) advertising campaign. Things were not that  
(2) complicated.  
(3) Q: So to the extent that a decision was made,  
(4) the decision was made by you and Andy Schindler  
(5) together?  
(6) A: No, I believe this was my decision. My  
(7) guess is that Andy Schindler approves of it and  
(8) agrees with it.  
(9) Q: Do you believe that the ad campaign, the  
(10) amount spent on the ad campaign gives you the  
(11) necessary level of exposure to effectively get your  
(12) message to the American public?  
(13) A: You know, it depends on how you look at  
(14) things. I think there were a number of issues that  
(15) could well be communicated to the American people  
(16) about tobacco products that would require an  
(17) investment greater than \$40 million.  
(18) The product that the tobacco companies sell  
(19) has all sorts of implications attached to it. It  
(20) obviously has health consequences and issues, but  
(21) there are political issues, there are social  
(22) issues, philosophical issues.  
(23) There are issues relating to the role of  
(24) government, what is the appropriate role of  
(25) government in the private lives of people, how much

52186

9416

Page 45

(1) government ought to be following a political  
(2) agenda, how much government ought to be legislating  
(3) what it believes is "good" for an individual versus  
(4) letting Americans make their own decisions about  
(5) their own lives and accept the consequences of  
(6) those decisions.

(7) All of those are issues that are a matter of  
(8) public debate. As you can see in the newspapers,  
(9) both conservative and liberal, over the past number  
(10) of months there has been a tremendous amount  
(11) written on this subject, and this is an area that  
(12) is fair for tobacco companies, or RJR Nabisco,  
(13) which is a company that owns assets in the tobacco  
(14) business, fair for companies like us to be  
(15) communicating on and communicating about. It is  
(16) fundamentally what your first amendment freedoms  
(17) are all about.

(18) MR. SHONKA: Why don't you take a brief  
(19) break.  
(20) (Access taken.)

BY MR. SHONKA:

(21) Q: Mr. Goldstone, do you recall giving a  
(22) speech at the Commonwealth Club on June 25th in San  
(23) Francisco?  
(24) A: Yes.

Page 46

(1) Q: During a question and answer session which  
(2) followed the speech, you said that "California  
(3) raised its excise taxes some years back, and I  
(4) thought it did a pretty good job in using those  
(5) funds for anti-smoking educational programs going  
(6) toward teenagers, and I think that it had some  
(7) impact." Do you recall that?

(8) A: I do recall something like that yes.  
(9) Q: Do you believe that anti-smoking campaigns  
(10) can impact whether children and adolescents decide  
(11) to smoke?

(12) A: I really don't know. I must say my own  
(13) view is that I don't think anybody knows. My own  
(14) personal view is that preventing underage kids from  
(15) smoking you probably could make the most progress  
(16) if you have strong enforcement of access laws.

(17) I do think that parental example is important,  
(18) and I think that educational programs might help,  
(19) but I have to be realistic and recognize that  
(20) teenagers are very often likely to do what they  
(21) think is in their best interest to do. And what  
(22) they think is in their best interest is very often  
(23) not anywhere near the same as what adults might  
(24) think is in their best interest.

(25) So while in theory I think it could help, I

Page 47

(1) think it is conceivable in certain circumstances it  
(2) could hurt the situation, and in other  
(3) circumstances it may have no impact whatsoever. I  
(4) am very cautious in making any judgments about what  
(5) can influence a teenager's behavior.

(6) Q: You said that teenagers sometimes do what  
(7) is in their best interests and not what adults  
(8) think is in their best interest. What do you mean  
(9) by that?

(10) A: When I said to you that I think teenagers  
(11) do what they think is in their best interest, I  
(12) think that teenagers who are underage may often  
(13) think that it is worth their while to do something  
(14) that they think is hip or cool or grown up, and  
(15) that at their young age they may not be as  
(16) concerned about warnings that certain activity may  
(17) be risky, especially when those warnings relate to  
(18) activity that may be risky where the consequences  
(19) might be felt or might not be felt, and if they are  
(20) felt, might be felt when they are, in their view as  
(21) teenagers, very, very old.

(22) Q: Before the Commonwealth Club you said  
(23) that, "California did a pretty good job using those  
(24) funds," meaning an increase in excise taxes, "for  
(25) anti-smoking educational programs." What did you

Page 48

(1) have in mind when you said "pretty good job"?  
(2) A: What I thought was, if you compared it to  
(3) the McCain bill, where it was painfully obvious  
(4) that these billions of dollars that the president  
(5) was proposing to raise from smokers and to use for  
(6) his pet projects having nothing to do with teenage  
(7) smoking, I was comparing that with what California,  
(8) at least in terms of its excise tax, as I  
(9) understood it from my assistants out there who were  
(10) more familiar, or my lawyers out there, California  
(11) had devoted a significant amount of the resources  
(12) it had raised through taxation at least to the  
(13) issue of underage smoking.

(14) Q: And then you concluded your answer by  
(15) saying, "And I think it had some impact." What did  
(16) you mean by that?

(17) A: I think someone had showed me some  
(18) statistics that showed that teenage underage  
(19) smoking in California for a while at least had gone  
(20) down. And while it is impossible to know why it  
(21) went down, at least it is conceivable that some of  
(22) it was attributable to the investment California  
(23) made in anti-smoking educational campaigns.

(24) Q: So it is in that sense that you think it  
(25) could have some impact on decisions to begin

52  
53  
54  
55

Page 49

111 smoking?  
112 A: That is really what I said. I don't have  
113 a point of view of whether it does, and I am a bit  
114 skeptical. But I do think that at least the  
115 statistics show that - the two facts that I was  
116 aware of in California were 1, California did  
117 devote a significant resource to educational  
118 campaigns, and number 2, the statistics showed that  
119 for a while at least, underage smoking went down.  
120 And one could argue, at least, and be prepared  
121 to accept if the evidence were there that maybe  
122 that had a connection. I don't know more than  
123 that. That is all I was referring to in the  
124 speech.  
125 Q: Do you have no opinion then on whether  
126 anti-smoking campaigns were an effective way to  
127 prevent children and adolescents from smoking?  
128 A: I would not want to give any assurances  
129 that these kinds of campaigns would actually work in  
130 any reasonable period of time to reduce teenage  
131 smoking.  
132 If I had to push buttons to reduce teenage  
133 smoking and somebody would ask me what is the most  
134 effective way, I would say toughen and then enforce  
135 access laws. And parental example and parental

Page 50

136 involvement I think is important.  
137 Q: Do you think the tobacco industry has any  
138 role to play in the creation and dissemination of  
139 anti-smoking campaigns directed at youth?  
140 A: I think that is up to each company to  
141 decide. My own personal view is that the companies  
142 should consider being involved in various  
143 activities that help teenagers understand issues  
144 relating to risky behavior, and I don't think it is  
145 just smoking.  
146 I think since it is an issue relating to  
147 tobacco, we also ought to be concerned about other  
148 kinds of risky behaviors. But I think I could see  
149 tobacco companies making a judgment that the right  
150 way to go is to help states enforce access laws,  
151 that that is a much more effective approach.  
152 My personal opinion is that it is a more  
153 effective approach, but I would not object if our  
154 tobacco company decided to help responsible groups  
155 develop educational campaigns, which we do in our  
156 "Right decision right now" program.  
157 Q: When you said that each individual company  
158 should consider being involved in campaigns, what  
159 do you mean by "should consider"?

160 A: I would think every company that sells a

161 product in the United States is always - sells a  
162 consumer product in the United States, or really  
163 sells any product in the United States is always  
164 working with various communities to either make  
165 charitable contributions or to work in areas that  
166 further the public good. That is part of being a  
167 responsible corporate citizen. Every company does  
168 that.  
169 Q: You indicated that one of the best methods  
170 or components of an anti-smoking campaign would be  
171 to strengthen enforcement access laws. Did I state  
172 that correctly?  
173 A: Really to enforce access laws I think is  
174 the more appropriate way of looking at it. From  
175 the little bit I have seen, and I am no expert on  
176 this, most states do very little enforcement of  
177 their own access laws.  
178 Q: What have you seen on that?  
179 A: Just general conversations with either  
180 people in our tobacco company or in reading  
181 material that I see published. There is quite a  
182 lot published on the subject.  
183 Q: Do you believe the public health industry  
184 can do a better job than the industry in preventing  
185 youth smoking?

Page 51

186 Page 52  
187 A: Well, I think the public health community  
188 could really make an enormous contribution that it  
189 so far has not made by becoming more realistic and  
190 reasonable in its approach to the issue.  
191 I am afraid that there are so many public  
192 health groups which have built up administrative  
193 bureaucracies founded on simply engaging in  
194 unending litigation and hostility with the tobacco  
195 industry, that it is probably very difficult to get  
196 them to focus on reasonable resolutions of these  
197 types of issues.  
198 Q: When you testified earlier this year  
199 before the Senate Commerce Committee, you said,  
200 "The only thing I can tell you philosophically is,  
201 it is the difference between really the proposed  
202 resolution that says, Look, we are not going to  
203 look to the tobacco companies to educate people on  
204 the risk of smoking and whether young people ought  
205 to smoke or not. We think public health groups and  
206 others can do a better job on anti-tobacco  
207 advertising than the tobacco companies can do."  
208 Just to put it in context, you continued, "And  
209 I do not mean that facetiously. I just mean that  
210 this is one of the benefits of a proposed  
211 resolution that lets us go about selling cigarettes

[11] responsibly under a comprehensive regulatory  
[12] scheme."

[13] When you said, "We think public health groups  
[14] can do a better job," what did you mean?

[15] A: Nothing more than the logic of the fact  
[16] that there are literally scores and scores of  
[17] public health groups who do nothing but stand for  
[18] the proposition, for an anti-tobacco proposition.  
[19] And it would seem logical to me that these groups  
[20] would have the incentive and the expertise and the  
[21] motivation to promulgate anti-tobacco advertising  
[22] and anti-tobacco messages.

[23] And there isn't a really logical reason to  
[24] expect that a producer of tobacco products or a  
[25] distributor of tobacco products or a retailer of  
[26] tobacco products ought to be the primary focus of  
[27] an anti-tobacco message, that there are enough  
[28] groups out there who are doing it already and who  
[29] do it very well.

[30] I have said that an effective  
[31] anti-smoking campaign needs to focus on access and  
[32] parental involvement. Do you think it would also  
[33] include a smoking cessation component?

[34] MR. WISE: Are you talking about youth or  
[35] in general?

Page 53

[1] MR. SHONKA: Directed at youth.  
[2] THE WITNESS: I am going to answer this,  
[3] but I want to make it as clear to you as I can. I  
[4] am not an expert in this business. I happen to be  
[5] chief executive of a consumer product company, but  
[6] my knowledge in this area is really no greater than  
[7] yours or your colleagues.  
[8] As far as what - I happen to believe that  
[9] the right way for underage teenagers is - the  
[10] right way is to keep them from, to convince them not  
[11] to engage in regular smoking in the first place.  
[12] And that to me is the most important thing.  
[13] I can't say to you that part of an overall  
[14] program couldn't include a cessation program. I  
[15] see that there are products on the marketplace now  
[16] readily available to people to help them stop  
[17] smoking if they need the help.  
[18] My own personal experience in the area is  
[19] that, at least I didn't need the help, but I  
[20] recognize that some people might in stopping  
[21] smoking. I see nothing wrong with people getting  
[22] involved in those activities as well. I have no  
[23] idea whether they would be effective or not,  
[24] though.

BY MR. SHONKA:

[1] Q: Do you have any understanding as to when  
[2] most smokers begin?

[3] A: No.

[4] Q: Do you disagree with the statement that  
[5] most smokers begin smoking before the age of 18?

[6] A: I couldn't disagree with it or agree with  
[7] it. It doesn't accord with my own personal  
[8] experience, but it wouldn't surprise me if that  
[9] were true. But I don't really have evidence one  
[10] way or the other.

[11] Q: Have you discussed that with the tobacco  
[12] company?

[13] A: Not too much. I have read quite a bit on  
[14] the subject, both people making that statement and  
[15] other people criticizing the statistical  
[16] foundations for that statement. And I really don't  
[17] have conclusions myself one way or the other.

[18] Q: What have you seen that questions the  
[19] statistical foundations for the -

[20] A: I can't recall now. I do try to keep up  
[21] in reading the massive amount of material that  
[22] comes across relating to the various aspects of the  
[23] tobacco controversy, and I have generally found  
[24] when it comes to that controversy that statistics  
[25] can be kind of manipulated both ways.

Page 54

[1] I recall on that issue as well there have been  
[2] arguments on the subject.  
[3] Q: And those arguments are?  
[4] A: I think it is generally accepted that most  
[5] people start before the age of 18, start becoming  
[6] regular smokers. But I believe I have read  
[7] material that has been published that questions  
[8] those conclusions, but I can't give you any  
[9] specifics on them.  
[10] Q: You agree that tobacco products are and  
[11] should be consumed by those over 18?  
[12] A: I believe that tobacco products, if they  
[13] are to be consumed by a person, somebody should not  
[14] make the decision on the subject before they are 18  
[15] years old.  
[16] Q: You said that it is generally accepted  
[17] that most people start before 18.  
[18] A: I think that is generally accepted. I  
[19] don't know if it is true or not, but I think it is  
[20] generally accepted.  
[21] Q: Does that, to your knowledge, affect the  
[22] way that Reynolds decides how to market and  
[23] advertise its products to people who are over 18?  
[24] MR. WILLIAMS: Does what?  
[25] THE WITNESS: The fact that people start,

Page 55

(1) it is generally accepted that people start -  
BY MR. SHONKA:  
(2) Q: That most people start before the age of  
(3) 18.  
(4) MR. WISE: Object to the form of the  
(5) question; speculation.  
(6) THE WITNESS: I believe that it does not  
(7) have anything to do with Reynolds' marketing plans,  
(8) if I understand your question, because I believe  
(9) that Reynolds focuses its marketing campaigns  
(10) towards people who are in their 20's and older.  
BY MR. SHONKA:  
(11) Q: But do you think that most people, or the  
(12) assumption, if you will, that most people begin  
(13) smoking before 18 has an effect on how they market?  
(14) A: I have told you, even if the  
(15) assumption regarding when people start smoking is  
(16) true, I don't think it has any bearing.  
MR. WISE: I object to the form of the  
(17) assumption.  
THE WITNESS: On how Reynolds markets.  
BY MR. SHONKA:  
(18) Q: If that fact is true, if that is true,  
(19) that most people begin, should it affect the way in  
(20) which the products are marketed?

Page 57

Page 59

(1) 20's. And to the extent that as they are analyzing  
(2) their advertising plans they get a sense that their  
(3) themes could conceivably skew younger, rather than  
(4) older, they do eliminate those kinds of themes.  
(5) As I also understand it, they do most of their  
(6) research on consumers who are in their 20's and  
(7) they stay away from advertising that could seem to  
(8) be directed to people who are 18 or 19 or even 20  
(9) years old so that they try to create a safety gap.  
(10) And to me, that means that they are sensitive to  
(11) the fact that underage teenage smokers do smoke  
(12) cigarettes even when we all want them not to do  
(13) that.  
(14) Q: Are you aware of when Reynolds Tobacco  
(15) first began to limit its marketing research to  
(16) people over 21 and older?  
(17) A: No.  
(18) Q: Are you familiar with the term "first  
(19) usual brand"?  
(20) A: No.  
(21) Q: You have never heard the term before?  
(22) A: I don't think so.  
(23) Q: FUB?  
(24) A: No, I am not familiar with that term.  
(25) Q: How about "First usual brand, younger

MR. WISE: Object to the form of that  
question.  
THE WITNESS: I am not sure what you mean  
by that. I think I need to understand that a  
little more.  
BY MR. SHONKA:  
(1) Q: If more people who smoke begin before age  
(2) 18, should that fact be taken into consideration by  
(3) tobacco companies when they market and advertise  
(4) their products to those who are over 18?  
(5) A: I have to tell you, I am really not sure  
(6) what you mean. I will give you an example, and  
(7) then maybe it will help you and me understand each  
(8) other here a little more.  
(9) I think Reynolds is sensitive to and aware of  
(10) the fact that people, teenagers who are underage  
(11) often do begin to smoke when Reynolds itself and we  
(12) and most of the country do not want them to do  
(13) that. And while we cannot control their behavior,  
(14) I think Reynolds does take steps in its marketing  
(15) plans that are sensitive to that issue.  
Reynolds, and I really do not have the details  
on it, but it has been explained to me on a number  
of occasions as to how Reynolds attempts to focus  
its consumer advertising on people who are in their

Page 58

Page 60

adult smokers"?  
(1) A: I am familiar with the term "younger adult  
(2) smokers," but not "FUB" or "first usual brand"  
(3) alone or in conjunction with "young adult smoker."  
(4) Q: Let's take one more combination. How  
(5) about "FUBYAS"?  
(6) A: I am not familiar with the term.  
(7) Q: You have never discussed that with Lynn  
(8) Beasley or Andy Schindler or anyone else in the  
(9) tobacco company?  
(10) A: I don't think so. It is conceivable that  
(11) the term may have been used in some big reports I  
(12) may have seen or otherwise. I don't know. But I  
(13) don't recall hearing it, seeing it or talking about  
(14) it. I don't know what it means.  
(15) Q: In preparing for your testimony before the  
(16) House and Senate, did the term "First usual brand,  
(17) younger adult smokers strategy" ever come across  
(18) your path?  
(19) A: No.  
(20) Q: No one ever discussed it with you?  
(21) A: No.  
(22) Q: Has anyone ever told you that the tobacco  
(23) company does or does not use the first usual brand,  
(24) younger adult strategy with regards to marketing

521  
522  
523  
524  
525

Page 61

(1) the Camel brand?  
(2) A: No. No one has ever told me that.  
(3) Q: I used that last sentence in the present  
(4) tense. Let's take it in the past tense. Has  
(5) anyone ever told you that Reynolds Tobacco utilized  
(6) a FUBYAS strategy with regard to marketing -  
(7) A: I don't recall ever discussing the subject  
(8) with anyone.  
(9) Q: So we are clear, let's assume that  
(10) Reynolds does not direct its Joe Camel advertising  
(11) to those under the age of 18.  
(12) A: You can count on it.  
(13) Q: That being the case, would it matter to  
(14) Reynolds if its Joe Camel campaign appealed to  
(15) those under the age of 18?  
(16) A: It was a premise of my testimony in  
(17) Congress and more importantly of the original June  
(18) 20th agreement that in order to end finally the  
(19) controversy regarding tobacco and the marketing  
(20) activities of tobacco companies, you would probably  
(21) have to eliminate the tobacco companies'  
(22) constitutional rights pretty much completely. And  
(23) that was something the tobacco companies were  
(24) willing to consider in the June 20th agreement.  
(25) And the reason is that all consumer product

Page 62

(1) companies, and the tobacco company is a consumer  
(2) product company, need to communicate with their  
(3) customers in order to survive, in order to prosper,  
(4) in order to compete. It is really the only weapon  
(5) one has, or the major weapon one has.  
(6) And when you communicate through advertising  
(7) with your customers, you need to use images that  
(8) are attractive, images that are pleasant, not ugly,  
(9) not repelling. So that an image of a handsome man  
(10) or a pretty girl or a nice looking car or an  
(11) attractive landscape are all typical images,  
(12) attractive images used by all consumer product  
(13) companies.  
(14) And I cannot sit here and say that an  
(15) attractive model, an attractive landscape, an  
(16) attractive vehicle, something that is directed to a  
(17) 24-year-old or a 25-year-old, that is attractive to  
(18) that 25-year-old simply because it is directed to  
(19) that 25-year-old could not conceivably be  
(20) attractive to a 16-year-old or a 17-year-old. That  
(21) is in some ways not a shocking consequence of  
(22) consumer advertising.  
(23) And it is kind of a necessary fall-out of  
(24) exercising your constitutional rights and of  
(25) competing as a consumer product company. That is

(1) why you need to have good strong access laws and  
(2) good parental involvement when it comes to teenage  
(3) activity.  
(4) Q: Would it matter to Reynolds if its Joe  
(5) Camel advertisements and promotions primarily  
(6) appeal to those under the age of 18?  
(7) MR. WISE: Object to the form of the  
(8) question.  
(9) MR. WILLIAMS: I will object as well.  
(10) THE WITNESS: I would be very interested  
(11) in any evidence that suggested in some concrete way  
(12) that the advertising of the product was either  
(13) directed - I don't think you used the word  
(14) "directed." I think you said appealed primarily  
(15) to underage teenagers. Yes, I would be interested  
(16) in that.  
(17) BY MR. SHONKA:  
(18) Q: What do you mean by "interested in"?  
(19) A: I recall actually visiting one of the  
(20) Reynolds advertising agencies that I think was  
(21) involved in the Joe Camel campaign, which is not  
(22) typical of what I ordinarily do in my role. I am  
(23) not normally visiting advertising agencies for our  
(24) operating companies.  
(25) But I did want to understand some of the

Page 64

(1) background of Joe Camel. I did want to see some  
(2) data that would let me have an idea as to who was  
(3) attracted to the Joe Camel campaign.  
(4) And I recall being shown material, I think not  
(5) just at that advertising agency, but I do recall at  
(6) that advertising agency that suggested quite  
(7) strongly to me that the primary appeal of Joe Camel  
(8) was to people in their early 30's and mid 20's.  
(9) I did see also in that data that some of the  
(10) attacks on Joe Camel were having a bit of an impact  
(11) on these consumers who - I think their negative  
(12) view of Joe Camel or their lack of identification  
(13) with Joe Camel was increasing, not dramatically,  
(14) but I recall a little bit.  
(15) Q: Which was the ad agency?  
(16) A: It is here in New York.  
(17) Q: Mezzina/Brown?  
(18) A: Yes.  
(19) Q: When did you meet with them?  
(20) A: Sometime in 1997.  
(21) Q: Before or after the Joe Camel campaign was  
(22) terminated?  
(23) A: Before.  
(24) Q: I would like to go back briefly if we  
(25) could to the FUBYAS questions. I will hand this to

52189

344

Page 65

(11) you and tell you that this was marked as Exhibit 24  
(12) in the deposition of Diane Burrows. Before you  
(13) look at the document, my understanding is that you  
(14) have - or you testified a few moments ago that you  
(15) met with Mezzina/Brown, and that was for what  
(16) purpose?

(17) A: To get a better understanding of some of  
(18) the background concerning the Joe Camel campaign  
(19) and potential replacements for the Joe Camel  
(20) campaign.

(21) Q: In the process of getting background on  
(22) the Joe Camel campaign, did you also look at  
(23) company documents? And by "company documents," I  
(24) mean from the tobacco company.

(25) A: Historical documents?

(26) Q: Yes.

(27) A: Yes.

(28) Q: Have you previously in your speeches or  
(29) testimony referred to older company documents that  
(30) you have looked at?

(31) A: I think I have referred to company  
(32) documents that have been either leaked to the press  
(33) or published by either Congressman Waxman or  
(34) someone else.

(35) Q: The documents that you were referring to

Page 67

(36) seen this document before, no.

(37) Q: If you could turn to a page in the lower  
(38) right-hand corner which has the number RH0003775.

(39) A: I have that page.

(40) Q: If you look at the bottom of the page,  
(41) there is an asterisk, and it says "First brand  
(42) strategies appeal to 18-year-old smokers rather  
(43) than switchers age 19 to 24."

(44) A: Yes.

(45) Q: Does that refresh your recollection at all  
(46) as to any discussion you had with the tobacco  
(47) company concerning -

(48) MR. WISE: It is a document from 1984 that  
(49) he just said he never saw.

(50) THE WITNESS: I don't have a recollection  
(51) of any such discussion.

BY MR. SHONKA:

(52) Q: I am just trying to refresh your  
(53) recollection on the subject.

(54) A: Yes. I understand what you are trying to  
(55) do. No, I have no recollection of this.

(56) Q: It does not trigger anything?

(57) A: No.

(58) Q: You have not seen this document?

(59) A: No.

Page 68

(60) MR. SHONKA: Please mark the next exhibit  
(61) as 5.

(62) (Deposition Exhibit Goldstone 5 was marked for  
(63) identification. Exhibit annexed hereto.)

(64) MR. SHONKA: For the record, Exhibit 5 is  
(65) a memo dated May 12, 1989 from G.C. Pennell to  
(66) Missrs. Schwaig, Dunn, Richter, Morgan and Cortina.

BY MR. SHONKA:

(67) Q: Have you seen this document before,  
(68) Exhibit 5?

(69) A: No.

(70) Q: Do you know who Mr. Pennell is?

(71) A: Yes.

(72) Q: For the record, who is he?

(73) A: He is head of Reynolds' sports marketing  
(74) program today.

(75) Q: In 1989?

(76) A: I don't know.

(77) Q: If you turn to the second page of the  
(78) memo, the second bullet point, it says "While our  
(79) target should remain YAS males and assume a FUBYAS  
(80) strategy, we must remain sensitive to not  
(81) alienating females given the growth seen among this  
(82) group."

(83) My only question is, does that refresh your

52189 3425

Page 69

(1) recollection at all as to any discussions regarding  
(2) a FUBYAS strategy?  
(3) A: No.  
(4) Q: Several times today you have talked about  
(5) conversations you have had with the tobacco people  
(6) regarding the steps that they take to make sure  
(7) that advertisements do not appeal to those  
(8) underage. Do you recall that testimony?  
(9) A: Yes.  
(10) Q: In your House testimony on the 29th, you  
(11) explained that Reynolds speaks to panels of  
(12) consumers starting at the age of 21 up to the 30's  
(13) and 40's and asks them, Does this advertising  
(14) appeal to you, number 1, and does it skew older or  
(15) younger?  
(16) A: And you also said, and I am quoting "And if  
(17) they say it skews younger and there is any risk  
(18) that consumers would think an advertisement skews  
(19) younger, we don't use it even if older people like  
(20) it." Do you recall that testimony?  
(21) A: I don't recall it, but I have no reason to  
(22) doubt I didn't give it.  
(23) Q: You don't have any reason to doubt you  
(24) didn't give it. The understanding is you did give  
(25) it, but trying to get rid of the double negative

Page 70

(1) in the answer.  
(2) A: I didn't give you a double negative. I  
(3) said I have no reason to doubt that I didn't give  
(4) the testimony.  
(5) Q: Your earlier testimony today concerned  
(6) discussions you have had with the tobacco company  
(7) officials regarding the efforts they take to avoid  
(8) marketing to underage smokers.  
(9) A: Correct.  
(10) Q: The reference that I just read to you from  
(11) the House testimony, is that the sort of thing you  
(12) have discussed with your tobacco company officials?  
(13) A: Yes.  
(14) Q: Anything else?  
(15) MR. WILLIAMS: That is a little vague.  
(16) THE WITNESS: The subject of the tobacco  
(17) company's intention, policies and procedures to  
(18) avoid, either intentionally or inadvertently,  
(19) focusing promotional efforts on underage teenagers  
(20) has been the subject of discussion between me and  
(21) management of the tobacco company.  
(22) BY MR. SHONKA:  
(23) Q: In those discussions, they have told you  
(24) that they asked questions in focus groups?  
(25) A: Sitting here today I cannot give you the

Page 71

(1) specifics of the discussions of what their  
(2) procedures are. I can only tell you that my  
(3) discussions with them left me satisfied that they  
(4) are genuinely and carefully focused on the issue,  
(5) which is what is important to me as chief executive  
(6) of RJR Nabisco.

(7) Q: Going back to your House testimony, you  
(8) said, "And if they say it skews younger and there  
(9) is any risk that consumers would think an  
(10) advertisement skews younger, we don't use it even  
(11) if the older people like it."

(12) What did you mean by "any risk"?

(13) A: I don't know that I had a specific meaning  
(14) in mind when I gave the testimony. I do recall  
(15) that my understanding was at the time that Reynolds  
(16) in certain - when developing campaigns does make  
(17) use of panels of people, and they are asked  
(18) questions that include questions on, for example,  
(19) Do you think this advertising skews younger than  
(20) your age or older than your age.

(21) And that if they saw, based on the evidence  
(22) they were getting, that a certain kind of execution  
(23) of a campaign, they saw a very real indication that  
(24) this was skewing too young, they would not use it.  
(25) That is my understanding.

Page 72

(1) Q: Last week when I deposed Mr. Schindler, I  
(2) had defined "appeal" for him as meaning kids  
(3) noticed an ad, that they liked it, and that they  
(4) remember it, or actually they like the ads, that  
(5) they remember them and that they appeal, that they  
(6) remember the ads.

(7) I asked him whether it was a concern to  
(8) Reynolds if its advertisements appeal to kids, and  
(9) his answer was, "No, that is not a concern. They  
(10) notice, remember, and like the beer ad. You are  
(11) going to ban beer advertising? If some kid says, I  
(12) saw that billboard and it had nice colors, what am  
(13) I supposed to do? Your solution to the paradigm  
(14) here is, I think you need to petition Congress to  
(15) ban all advertising on age restricted products."

(16) Is it an accurate statement that Reynolds has  
(17) no concern if its ads appear to kids?

(18) MR. WILLIAMS: David, I think it is only  
(19) fair, there was pages and pages of testimony on  
(20) that issue, and the answer was pretty clear. Why  
(21) don't you ask him a direct question without  
(22) reference to the Schindler deposition?

(23) THE WITNESS: I have gone through at  
(24) length, and you will see it in the transcript, what  
(25) I think is the public policy issue relating to the

52189

3426

Page 73

11 necessary use by a consumer product company of ads  
12 that are attractive in order to communicate with  
13 its legitimate adult consumers.

14 And I have told you very frankly that I could  
15 not say that ads with attractive models or  
16 landscapes or attractive vehicles could not also  
17 appeal or be appealing to a 17-year-old,  
18 notwithstanding the fact that the ads are clearly  
19 directed to adult consumers.

20 This is a necessary consequence of  
21 advertising. The industry tried to deal with this  
22 in the June 20th agreement, and would have dealt  
23 with it in the June 20th agreement if the public  
24 health community wanted to resolve issues.

25 So I don't think it is fair to say that  
26 Reynolds or anyone else isn't interested in it,  
27 isn't concerned about the subject, because in fact,  
28 we were ready to deal with the issue completely.

29 These are our constitutional freedoms. It is  
30 imbedded in our culture, and of course it is  
31 required by law that these companies compete with  
32 each other. It is required by law that the Federal  
33 Trade Commission administers.

34 So you cannot compete with ads that are  
35 unattractive to people. That is not a very good

Page 75

11 which appears to have no component of having any  
12 influence on conduct whatsoever.

13 MR. SHONKA: Let's go with my definition  
14 earlier. That is fine.

15 THE WITNESS: I don't think things like  
16 government censor boards have ever worked in the  
17 past. I doubt they will work in the future.

18 BY MR. SHONKA:

19 Q: Actually, I wasn't necessarily talking  
20 about a government censor board, just a neutral  
21 third party of some sort.

22 A: There is no such thing. And it is  
23 censorship no matter how you do it. We are talking  
24 about, and I think anybody who applies some real  
25 common sense to the issue will understand that  
26 these are extremely subjective issues.

27 They are a matter of taste. And this kind of  
28 beauty or appeal or whatever you call it is truly  
29 in the eye of the beholder, and you cannot form an  
30 objective conclusion on these subjects.

31 And again, I am frank to tell you that  
32 advertising that is appealing, and advertising  
33 should be appealing, to the target audience of  
34 adults who are in their 20's and 30's or 40's is  
35 very possibly going to have some appeal to a

Page 74

11 way for a consumer product company to compete.

12 BY MR. SHONKA:

13 Q: I also read the comment, "Your solution to  
14 the paradigm here is, I think you need to petition  
15 Congress to ban all advertising on age restrictive  
16 products." Do you believe that a ban on  
17 advertising of all age restrictive products is the  
18 solution?

19 MR. WILLIAMS: I am going to object to the  
20 form.

21 THE WITNESS: I think that that would be a  
22 terrible mistake for the country. I don't think  
23 broad-based bans on constitutional freedoms are a  
24 good way to deal with narrow issues and problems  
25 that in many ways have nothing to do with the  
26 activity that is being banned. I think that would  
27 be a terrible mistake.

28 BY MR. SHONKA:

29 Q: Would you ever advocate the use of a third  
30 party to test advertisements and promotions among  
31 youth and adults to determine whether the  
32 advertisements and promotions appeal to those under  
33 the age of 18?

34 MR. WISE: Let me ask whether "appeal,"  
35 you are still using your definition of "appeal,"

Page 76

11 17-year-old.

12 We have ads, our competitors have ads, the  
13 liquor companies have ads that use very attractive  
14 28 to 30, 32-year-old models. Now, I cannot say  
15 that that attractive model might not appeal to a  
16 17-year-old, or an attractive picture of an ocean  
17 or a plane flying across the mountains.

18 But I don't see what you could accomplish by  
19 asking any individual to apply his or her own  
20 individual taste and subjective views and come to  
21 some conclusions on it. So I don't think that is a  
22 very practical solution. And it still is  
23 censorship.

24 Q: Just to pursue that a moment, if this were  
25 a neutral board that would question, first of all,  
26 be restricted to reviewing advertisements on age  
27 related products, and secondly, would screen them  
28 to determine whether there was an undue influence,  
29 as opposed to an incidental one, among underage  
30 people, would that obviate your concerns?

31 A: I don't know what the words mean. I don't  
32 think as a practical matter there is any human on  
33 earth that can apply some consistent standard that  
34 we could all agree to on matters of taste, on  
35 matters of what appeals to the human senses on a

52189  
3427

Page 77

[11] subject of teenagers, that they don't know and  
[12] understand anyway, whom they don't know and  
[13] understand anyway, and apply that in some  
[14] objective, fair manner, and that in the end, that  
[15] it all goes to some purpose, because we don't know  
[16] that any of this has any relationship to why  
[17] teenagers start smoking in the first place.  
[18] So it would be a complicated process that  
[19] would not be workable as a process and might  
[20] achieve no objective in any event, even if it could  
[21] work.  
[22] Q: Do you think that the Joe Camel campaign  
[23] appealed to kids under the age of 18?  
[24] A: I never really made a judgment about it  
[25] because I don't have a basis for it. As a chief  
[26] executive of RJR Nabisco, my concern was that so  
[27] many people in this country believed the  
[28] allegations about the purpose of Joe Camel, that  
[29] that was enough for me to believe the use of Joe  
[30] Camel was not in the corporation's long-term  
[31] interest.  
[32] Q: Would it be a concern to Reynolds if the  
[33] record in this case were to be developed to show  
[34] that some underage smokers turned to the Camel  
[35] brand as a result of the Joe Camel campaign?

Page 78

[1] MR. WISE: Object to the form.  
[2] THE WITNESS: It is a concern to me that  
[3] any underage smoker uses a brand of our company's.  
[4] And if the evidence is developed at your trial that  
[5] underage smokers are using any of our brands, I am  
[6] going to be concerned about that.  
[7] And whether they started to smoke our brand  
[8] because their friend did, their father smoked it,  
[9] their older sister smoked it or because of Joe  
[10] Camel or because of no advertising, the concern for  
[11] me is the same.

BY MR. SHONKA:

[12] Q: The tobacco company is a wholly-owned  
[13] subsidiary of RJR Nabisco?  
[14] A: Correct.  
[15] Q: And it is an independent operating  
[16] company?  
[17] A: We treat it as an independent operating  
[18] company, correct.  
[19] Q: You have said several times that business  
[20] decisions that affect tobacco are principally made  
[21] by those in the tobacco company?  
[22] A: Andy Schindler is responsible for the  
[23] operating decisions in the tobacco company.  
[24] Q: That being the case, my understanding, and

Page 79

[1] indeed Mr. Schindler's testimony is that RJR  
[2] Nabisco represented the Reynolds companies in  
[3] negotiating the June 20th agreement. Is that  
[4] correct?  
[5] A: That's correct.  
[6] Q: Why was that?  
[7] A: I really think inadvertent circumstance  
[8] more than anything else. You will recall that the  
[9] negotiators of that June 20th agreement were the  
[10] chief executives of the parent companies of each of  
[11] the tobacco companies.  
[12] The chairman of Lowes Corporation was the one  
[13] negotiating the interests of Lorillard. The  
[14] chairman of Phillip Morris Companies, Inc. was the  
[15] person responsible for negotiating the interests of  
[16] the Phillip Morris USA Tobacco Company. And the  
[17] chairman of BAT Industries in London was the person  
[18] responsible for negotiating the interests of their  
[19] tobacco company.  
[20] And I believe this really came about as a  
[21] result of our interests of chief executives of  
[22] these publicly-traded companies in terms of  
[23] resolving a controversy, a public controversy that  
[24] we saw affecting operating assets of ours, as well  
[25] as potentially affecting all of the unrelated

Page 80

[1] assets that we owned.  
[2] Q: Mr. Schindler indicated last week that he  
[3] had prior notice of the settlement discussions of  
[4] only a day or two. Is that your recollection?  
[5] A: My recollection is he may have had a bit  
[6] more advanced notice, but Andy was not someone I  
[7] kept informed of my discussions on a regular basis.  
[8] Q: Why is that?  
[9] A: No particular reason. These were subjects  
[10] I was discussing with the chairman of the holding  
[11] companies relating to each of our assets in the  
[12] U.S. regarding tobacco, and I didn't feel the need  
[13] to have to talk to Andy about it on a regular  
[14] basis.  
[15] Q: When you say "The chairman of our holding  
[16] companies," in that context you mean the RJR  
[17] holding companies?  
[18] A: RJR Nabisco was a holding company. Lowes,  
[19] I believe, is a holding company. Phillip Morris is  
[20] a holding company and so is BAT.  
[21] Q: So "holding company" in your answer refers  
[22] to all the tobacco companies?  
[23] A: Correct.  
[24] Q: Since the June 20th agreement, you have  
[25] testified twice before Congress?

52189  
3428

[1] A: Yes.  
[2] Q: You have given a speech at the National  
[3] Press Club in Washington in April. You have given  
[4] a speech before the Commonwealth Club, I believe it  
[5] was, in San Francisco?  
[6] A: Yes.  
[7] Q: You have been interviewed by The New York  
[8] Times Magazine?  
[9] A: Yes.  
[10] Q: Have you given other speeches or  
[11] interviews relating to this?  
[12] A: I believe I have spoken at the Kiwanis  
[13] Club in Phoenix, Arizona, and I believe I have  
[14] spoken just recently at the Cleveland City Club.  
[15] Q: Any others?  
[16] A: Not that I recall.  
[17] Q: Besides the New York Times Magazine, were  
[18] you interviewed for any other articles?  
[19] A: Just to amend that, I think I spoke to  
[20] a group of Wall Street analysts a few months back  
[21] on the McCain legislation. I don't recall that I  
[22] have been interviewed by anybody else in any  
[23] extensive way, maybe a quote or two.  
[24] Q: Giving the speeches and testimony and  
[25] interviews, why you and not Andy Schindler?

Page 81

[1] A: I don't think there is any particular  
[2] reason I am certainly happy if Andy wants to talk  
[3] on the subject. There is no reason why he  
[4] shouldn't.  
[5] Andy has constitutional rights, even though he  
[6] is chief executive of a tobacco business. And if  
[7] he feels it is in his company's interest or he  
[8] feels he wants to talk on the subject, he is free  
[9] to do it, or on any other subject.  
[10] Q: I am not trying to intimate there is any  
[11] sort of dissatisfaction with him. I am more  
[12] interested in the decisional process.  
[13] A: There is no decisional process. I believe  
[14] it is in our company's, and that is RJR Nabisco's,  
[15] interest, an owner of significant assets devoted  
[16] to the production of tobacco products in this  
[17] country to speak out concerning the issues  
[18] surrounding tobacco, because I think if we don't  
[19] end up with a reasonable dialogue and if people are  
[20] not willing to take the time to really look at the  
[21] facts, we will not have a resolution of these  
[22] issues for many, many years to come.  
[23] And that will not be in the interests of the  
[24] shareholders of RJR Nabisco.  
[25] Q: Earlier you mentioned that you had some

[1] contact with Mezzina/Brown, with the ad agency?  
[2] A: Yes.  
[3] Q: What contacts do you have with other  
[4] companies working on advertisements for the tobacco  
[5] products?  
[6] A: I have met briefly at a social occasion or  
[7] two with some of the representatives of the  
[8] advertising agency which is working on the Winston  
[9] "No bull" campaign. And that is basically it, I  
[10] think.  
[11] MR. SHONKA: I ask that we mark the next  
[12] exhibit.  
[13] (Deposition Exhibit Goldstone 6 was marked for  
[14] identification. Exhibit retained by counsel.)  
[15] BY MR. SHONKA:  
[16] Q: Mr. Goldstone, could you identify Exhibit  
[17] 6 for the record, please?  
[18] A: Yes. This is a letter I received from  
[19] John Mezzina.  
[20] Q: On January 2nd, 1997?  
[21] A: I think about that date, yes.  
[22] Q: Is this a letter that references the  
[23] meeting that you mentioned earlier in your  
[24] testimony?  
[25] A: Yes, it does.

Page 82

[1] Q: And the letter refers to a new Camel  
[2] advertising campaign, or campaigns, plural. Do you  
[3] see that?  
[4] A: Yes.  
[5] Q: What are being referenced?  
[6] A: What I recall is the "What you are looking  
[7] for" campaign.  
[8] Q: There were not -  
[9] A: That is the one I recall. I don't even  
[10] know that it was called the "What you are looking  
[11] for" at the time. But that is the campaign I know  
[12] I had seen at that time.  
[13] Q: And he gave you or sent you a set of ads?  
[14] A: Right. It was about that campaign.  
[15] Q: Was anyone from the tobacco company  
[16] present at the meeting that is referenced in  
[17] Exhibit 6?  
[18] A: Yes. I believe Andy Schindler and Lynn  
[19] Beasley.  
[20] Q: Reynolds, RJR Nabisco has a moral, legal  
[21] and ethical obligation to its shareholders. Is  
[22] that correct?  
[23] A: I think we have - I don't know really how  
[24] to describe it. We clearly have legal obligations  
[25] and professional obligations to our shareholders.

52189 3429

Page 85

[1] I think you always have an obligation to be moral  
[2] and ethical in anything you do.  
[3] Q: And it also has certain obligations, does  
[4] it not, to its legal customers, meaning those over  
[5] the age of 18?  
[6] A: I think a major corporation in this  
[7] country has ethical obligations to everyone.  
[8] Q: But special ones to the consumers of its  
[9] products?  
[10] A: I think you have obligations to your  
[11] customers, yes.  
[12] Q: Do those obligations in the case of  
[13] cigarettes extend to the youngest consumers, those  
[14] you say you don't want, but who want the T-shirts  
[15] and lighters?  
[16] A: I don't want you to mix your words without  
[17] knowing that you are doing it. Our customers are  
[18] not consumers. Our customers are distributors,  
[19] sometimes retailers and others. I think we - but  
[20] apart from that, I think we clearly have  
[21] obligations to those who consume our products to be  
[22] fair, not to be misleading, and to produce a high  
[23] quality product and to produce the quality of  
[24] product that we say we are producing.  
[25] Q: Certainly you have that as to the legal

Page 86

[1] market, those over 18?  
[2] A: There is only one market, and that is a  
[3] market of those who can legally consume our  
[4] products. That is the market to which we are  
[5] referring in this colloquy, yes.  
[6] Q: What about the illegal market? And in  
[7] that case, I mean those who you say you don't want,  
[8] but who nonetheless consume the products and who  
[9] want to collect the T-shirts and the lighters and  
[10] so on.  
[11] A: There is a lot in your question there. I  
[12] don't know what people want to do or don't want to  
[13] do. I can tell you that all of us in the country,  
[14] if we consider this an issue and a problem and we  
[15] want to resolve it, we all have a responsibility,  
[16] whether it is in the tobacco company, whether it is  
[17] the staff of the FTC, whether it is anyone, we have  
[18] a responsibility to deal with these issues  
[19] responsibly. There is no question about that.  
[20] Q: In your speech on April 8th at The Press  
[21] Club, you said, "I plan to work with my colleagues  
[22] in the industry to encourage independent,  
[23] non-government controlled efforts to educate our  
[24] children about the lifestyle decisions children  
[25] make that concern us as parents."

Page 87

[1] Do you recall that?  
[2] A: Yes.  
[3] Q: What did you mean by non-government  
[4] controlled efforts?  
[5] A: I think what I was referring to were  
[6] efforts to reach out, either through parents or  
[7] through schools, to educate retailers and police  
[8] forces regarding access, all of the kinds of issues  
[9] we talked about, to try to do it to help people.  
[10] If we are going to spend money in the area,  
[11] let's spend it effectively. Let's not just raise  
[12] taxes in the name of doing these things and then  
[13] never doing them. That is really what all of that  
[14] is about.  
[15] Q: Do you know what Reynolds spends or plans  
[16] to spend on non-government youth anti-smoking  
[17] campaigns?  
[18] A: No.  
[19] Q: You said that, "I plan to work with my  
[20] colleagues in the industry to encourage  
[21] independent, non-government controlled efforts to  
[22] educate our children about the lifestyle decisions  
[23] children make that concern us as parents."  
[24] What are you doing in that regard now?  
[25] A: I have had some discussions with

Page 88

[1] representatives of the other holding companies, and  
[2] I know that each of the companies and holding  
[3] companies and tobacco companies continue to look at  
[4] ways that they can cooperate with either public  
[5] health authorities or people in the community on  
[6] these issues.

[7] Q: Have you explored ways in which the  
[8] companies can lawfully cooperate with each other in  
[9] terms of their advertising and promotion policies?

[10] A: I have not. I don't know whether the  
[11] tobacco company has.

[12] MR. SHONKA: I have no further questions.

[13] MR. WILLIAMS: Nothing.

[14] MR. WISE: Thank you very much.

[15] (Time noted: 1:05 p.m.)

[16]

[17]

[18]

[19]

[20]

[21]

[22]

[23]

[24]

[25]

52189 3430

<p style="text-align: right;">Page 89</p> <p>[1] CERTIFICATION OF REPORTER [2] [3] DOCKET/FILE NUMBER: D09285 [4] CASE TITLE: R.J. REYNOLDS TOBACCO COMPANY [5] HEARING DATE: August 5, 1998 [6] I HEREBY CERTIFY that the transcript [7] contained herein is a full and accurate transcript [8] of the notes taken by me at the hearing on the [9] above cause before the FEDERAL TRADE COMMISSION to [10] the best of my knowledge and belief. [11] [12] Date: August 5, 1998 [13] [14] [15] RANDALL J. YOUNG [16] [17] CERTIFICATION OF PROOFREADER [18] [19] I HEREBY CERTIFY that I proofread the [20] transcript for accuracy in spelling, punctuation, [21] punctuation and format. [22] [23] [24] RANDALL J. YOUNG [25]</p> <p style="text-align: right;">Page 90</p> <p>[1] CERTIFICATE OF DEponent [2] [3] [4] I hereby certify that I have read and examined [5] the foregoing transcript, and the same is a true [6] and accurate record of the testimony given by me. [7] Any additions or corrections that I feel are [8] necessary, will attach on a separate sheet of [9] paper to the original transcript. [10] [11] [12] I hereby certify that the individual [13] representing himself/herself to be the above-named [14] individual, appeared before me this [15] day of , 1998, and executed the [16] above certificate in my presence. [17] [18] [19] MY COMMISSION EXPIRES: [20] [21] [22] [23] [24] [25]</p>	<p style="text-align: right;">Page 91</p> <p>[1] WITNESS: STEVEN GOLDSTONE [2] DATE: August 5, 1998 [3] CASE: D09285 [4] [5] Please note any errors and the corrections thereto [6] on this errata sheet. The rules require a reason [7] for any change or correction. It may be general, [8] such as "To correct stenographic error," or "To [9] clarify the record," or "To conform with the [10] facts." [11] [12] [13] [14] [15] [16] [17] [18] [19] [20] [21] [22] [23] [24] [25]</p>
--	--

<p><b>\$</b></p> <p><b>\$40</b> 41:24; 42:1; 44:17</p> <p><b>1</b></p> <p>1 4:7; 5:2; 6:9; 23:10; 49:6; 69:14 12 68:6 15 7:20; 15:11; 19:10 15th 14:20, 22; 15:8 16-year-old 20 17-year-old 62:20; 73:7; 76:1, 6 18 20:13; 26:10, 11; 27:20; 40:13; 55:5; 56:5, 11, 14, 17; 33:4, 15; 58:8, 10; 59:6, 61:11, 15; 63:6; 74:13, 17; 77:18; 85:5; 86:1 18-year-old 67:7 19 59:8; 67:8 1968 6:2 1984 67:13 1989 68:6, 17 1990 18:9; 33:4, 15 1992 32:11 1995 15:8, 21; 18:8; 32:11; 33:4, 15 1996 7:20; 15:10; 19:10; 26:3; 28:17; 30:8 1997 6:10, 12; 24:4; 36:23; 6:18; 88:20 1998 89:5, 12 1:05 88:15</p> <p><b>2</b></p> <p>2 7:11, 12, 16; 22:13:1; 15:2; 29:19; 31:24; 32:20; 34:1, 11; 49:8 2/26 34:6 2/29 29:8 20 59:8 20's 31:7; 57:11; 59:1, 6; 64:8; 75:24 20th 24:9, 19, 25; 25:3, 7; 61:18, 24; 75:12, 13; 79:3, 9; 80:24 21 40:15; 59:16; 69:12 24 26:10, 11; 65:1; 66:22; 67:8 24-year-old 62:17 24-year-olds 27:21 25-year-old 62:17, 18, 19 25th 45:23 26th 34:5 28 34:6; 76:4 28th 34:5 29 26:3; 28:17 29th 69:10</p>	<p>2nd 83:20</p> <p><b>3</b></p> <p>3 12:4, 24; 13:3; 25:16, 17; 21; 29:24 30 76:4 30's 31:7; 64:8; 69:12; 75:24 32-year-old 76:4</p> <p><b>4</b></p> <p>4 29:4, 5, 7, 11; 32:21; 34:2, 10 40 42:11 40's 69:13; 75:24 43 34:16</p> <p><b>5</b></p> <p>5 68:2, 3; 10:19; 29:5, 12; 52 34:16</p> <p><b>6</b></p> <p>6 83:13, 17; 84:17</p> <p><b>8</b></p> <p>8th 86:28</p> <p><b>9</b></p> <p>9 285 4:13 94 19:2 95 18:13 96 34:6 97 17:5, 7 98 37:24</p> <p><b>A</b></p> <p>able 40:25 above 89:9 absolutely 20:14 accept 45:5; 49:11 accepted 56:4, 16, 18, 20; 57:1 access 46:16; 49:25; 50:15; 51:11, 13, 17; 53:21; 63:1; 87:8 accomplish 76:8 accord 55:7 accounting 43:17 accuracy 89:20 accurate 5:15, 18; 42:2; 72:16; 89:7 achieve 77:10</p>	<p>across 55:22; 60:18; 76:7 acted 18:1 activities 50:8; 54:22; 61:20 activity 47:16, 18; 63:3; 74:16 actual 14:2; 43:13 actually 19:7; 27:25; 29:13; 31:4; 49:19; 63:19; 66:17; 72:4; 75:9 ad 41:24; 42:15, 21; 43:19; 44:9, 10; 64:15; 72:3, 10; 83:1 add 5:17; 6:11 additional 34:8 administers 73:23 administrative 4:10; 52:6 adolescents 16:18; 46:10; 49:17 ads 22:24; 42:18; 72:4, 6, 17; 73:1, 5, 8, 24; 76:2, 2, 3; 84:13 adult 60:1, 2, 4, 18, 25; 73:3, 9 adults 46:23; 47:7; 74:21; 75:24 advanced 80:6 advertise 56:23; 58:9 advertisement 69:18; 71:10 advertisements 20:6; 63:5; 69:7; 72:8; 74:20, 22; 76:16; 83:4 advertising 41:17; 44:1; 52:21; 53:11; 58:25; 59:2, 7; 61:10; 62:6, 22; 63:12, 20, 23; 64:5, 6; 69:13; 71:19; 72:11, 15; 73:11; 74:5, 7; 75:22, 22; 78:10; 83:8; 84:2; 88:9 advocate 74:19 affect 56:21; 57:24; 78:21 affecting 79:24, 25 afraid 52:5 afternoon 6:20 again 12:5, 8, 17; 19:1; 21:9, 18; 27:5; 29:16; 32:7; 35:14; 38:23; 75:21 against 4:22; 16:10, 24; 31:10 age 20:13; 40:12; 47:15; 55:5; 56:5; 57:3; 58:7; 61:11, 15; 63:6; 67:8; 69:12; 71:20, 20; 72:15; 74:5, 7, 23; 76:16; 77:13; 85:5 agencies 63:20, 23 agency 64:5, 6, 15; 83:1, 8 agenda 45:2 ages 26:12 ago 15:22; 17:7; 20:5; 22:21; 39:16; 65:4 agree 17:22; 55:6; 56:10; achieve 77:10</p> <p>76:24 agreement 24:9, 19, 23, 25; 25:4, 7; 61:18, 24; 73:12, 13; 79:3, 9; 80:24 agrees 44:8 alienating 68:23 allegation 10:15 allegations 10:21; 16:17, 23; 17:3; 18:4, 14; 21:1; 77:18 alleging 10:9 alone 60:4 along 20:7; 37:8 already 5:2; 16:5, 20; 37:22; 39:12; 53:18 alternative 7:25; 8:2, 4, 5, 9, 10, 25; 9:25; 11:2; 13:21, 23, 24; 15:4 alternatives 8:16; 11:13; 17:25 although 23:4 always 32:10; 51:1, 3; 85:1 amend 81:19 amendment 45:16 American 10:18; 42:25; 44:12, 15 Americans 45:4 among 68:23; 74:20; 76:19 amount 9:15; 44:10; 45:10; 48:11; 55:21 analyst 27:9 analysts 81:20 analyzing 17:24; 59:1 Andy 7:20; 8:13; 13:15; 19:18, 24; 20:4, 14; 21:9, 19, 25; 22:6; 7:23:3, 4, 7; 24:1; 36:24; 37:4, 5, 13; 43:10; 44:4, 7; 60:9; 78:23; 80:6, 13; 81:25; 82:2, 5; 84:18 Andy's 24:16 annexed 4:8; 7:13; 25:18; 29:6; 68:4 annual 29:16; 33:17 answered 34:22 anti-smoking 46:5, 9; 47:25; 48:23; 49:16; 50:4; 51:10; 53:21; 87:16 anti-tobacco 52:20; 53:8, 11, 12, 17 antitrust 18:23 anybody 6:19; 46:13; 75:14; 81:22 anymore 31:23; 38:12 anyone 7:8; 19:25; 60:9, 23; 61:5, 8; 73:16; 84:15; 86:17 anyway 77:2, 3 anywhere 46:23 apart 85:20 apparently 34:9 appeal 16:18; 20:12;</p>
---	---	---

available 27:22; 54:16  
avold 70:7, 18  
aware 14:9; 18:4; 40:12;  
49:6; 58:15; 59:14  
away 59:7

**B**

Back 15:19; 22:12; 25:8;  
43:3; 46:3; 64:24; 71:7;  
81:20  
background 5:14; 6:11;  
28:19, 29; 64:1; 65:8, 11  
balanced 16:10  
ban 7:2; 11, 15; 74:5, 6  
banned 74:16  
bang 14:13  
based 17:23; 31:3; 33:6;  
71:21  
Basically 16:6; 35:9; 83:9  
basis 17:3; 26:14, 15;  
27:24; 29:16; 33:18;  
35:18; 36:21; 77:15; 80:7,  
14

BAF 79:17; 80:20  
bearing 57:18  
Beasley 19:21; 23:8;  
60:9; 84:13  
beauty 75:18  
became 11:24; 16:16;  
23:11; 24:1  
become 66:14  
becoming 16:20; 52:3;  
56:5

beer 72:18; 11  
began 59:15  
begin 18:19; 55:2, 5;  
57:14, 21; 58:7, 17  
behavior 7:5; 50:9;  
58:19  
behaviors 50:13  
beholder 75:19  
believe 11:1; 20; 89:10  
believe 10:3; 13:7; 15:9,  
17, 25; 18:5; 20:18; 22:8,  
19; 25:8; 31:7; 34:3, 21;  
38:19; 39:1; 42:5, 8, 18;  
43:8; 48:1; 44:6, 9; 46:9;  
51:23; 52:1; 56:6, 12; 57:7,  
9; 74:6; 77:19; 79:20;  
80:19; 81:4, 12, 13; 82:13;  
84:18

believed 15:7; 19:7;  
31:18; 42:23; 77:17  
believes 43:10; 45:3  
benefits 52:24  
Besides 81:17  
best 18:15; 46:21, 22, 24;  
47:7, 8, 11; 51:9; 89:10  
better 51:24; 52:20; 53:4;  
65:7  
beyond 37:23  
big 60:12  
bill 48:3

billboard 72:12  
billboards 20:6  
billions 48:4  
bit 49:3; 51:15; 55:13;  
64:10, 14; 80:5  
BLYNN 7:4, 4  
board 24:2; 75:10; 76:15  
boards 75:6  
both 45:9; 55:14, 25  
bottom 34:5; 67:5  
brand 17:19; 31:23;  
33:17, 21; 35:12; 59:19,  
25; 60:3, 17, 24; 61:1;  
67:6; 77:25; 78:3, 7  
brands 12:16, 21; 27:17;  
28:9, 10; 29:1; 78:5  
break 35:21; 45:19  
brief 35:21; 45:18  
briefly 42:24; 83:6  
bring 25:8  
broad-based 74:13  
brought 30:13  
budget 43:14, 15  
built 50:6  
bull 83:9  
bullet 68:20  
bureaucracy 52:7  
Burrows 65:2; 66:23  
business 17:15, 25; 21:4,  
7; 23:5; 45:14; 54:4; 78:20;  
82:6

button 19:22  
**C**  
California 46:2; 47:23;  
48:7, 10, 19, 22; 49:6, 6  
call 75:18  
called 4:5; 26:10; 84:10  
came 19:21; 17:16;  
18:10; 79:20  
Camel 4:23; 7:25; 8:2, 17,  
22; 9:3; 17; 19; 10:1, 7,  
10; 11:6, 13, 18; 8:9, 11,  
14, 21, 23, 25; 15:4, 24;  
16:4, 12, 17; 17:4, 17, 18;  
18:5, 14; 19:6; 20:20;  
24:12, 14; 25:1, 5, 8; 28:7,  
8, 21; 30:18; 31:2, 7, 20,  
23; 32:11; 18:33:3, 16, 21;  
35:4, 11, 17, 18, 23; 36:10,  
13, 16, 22; 37:19, 20, 21;  
38:11, 15, 25; 39:13, 13,  
15, 20; 40:13; 61:1, 10, 14;  
63:5, 21; 64:1, 3, 7, 10, 12,  
13, 21; 65:8, 9, 12; 66:10;  
77:12, 18, 20, 24, 25;  
78:10; 84:1  
campaign 4:23; 8:22;  
9:13; 10:3, 10; 11:2, 7, 9,  
10; 13:9, 11, 14, 22, 23,  
25; 16:7, 12, 14, 18; 17:4,  
9, 16, 17; 18:5; 19:6, 12,  
14, 16; 20:3, 12, 16, 17,  
19, 20, 24; 21:18, 25; 22:3,

14, 17, 18; 24:12, 14, 16;  
25:1, 9; 28:21; 36:22;  
41:25; 42:15, 21; 43:19;  
44:1, 9, 10; 51:10; 53:21;  
61:14; 63:21; 64:3, 21;  
65:8, 10, 12; 71:23; 77:12,  
25; 83:9; 84:2, 7, 11, 14  
campaigns 10:20; 16:24;  
21:21; 25:5; 37:20; 46:9;  
48:23; 49:8, 16, 19; 50:4,  
20, 23; 57:10; 71:16; 84:2;  
87:17  
can 5:4; 7:16, 18; 13:6;  
18:15; 19:25; 20:1; 21:20;  
25:21, 24; 35:6, 9; 36:8,  
17; 40:13, 22; 45:8; 46:10;  
47:5; 51:24; 52:14, 20, 21;  
53:4; 54:3; 55:25; 61:12;  
71:2; 76:23; 86:3, 13; 88:4,  
8  
capacity 18:11  
car 62:10  
career 5:19  
carefully 71:4  
case 61:13; 77:23; 78:25;  
85:12; 86:7; 89:4  
cash 35:4, 23; 36:13;  
37:20; 40:14  
catalog 35:5, 23; 36:14,  
15, 19; 37:2, 9, 19, 22;  
38:1, 17; 39:21; 40:1, 4, 14  
category 26:9, 13  
Caufield 66:19  
cause 89:9  
cautious 47:4  
censor 75:6, 10  
censorship 75:13; 76:13  
certain 14:19; 29:3; 47:1,  
16; 71:16, 22; 85:3  
certainly 5:18; 9:18;  
13:19; 14:1; 18:16; 27:15;  
42:23; 82:2; 85:25  
CERTIFICATION 89:1,  
17  
CERTIFY 89:6, 19  
cessation 53:23; 54:14  
chairman 5:9; 79:12, 14,  
17; 80:10, 15  
changing 11:1  
charitable 51:5  
chart 33:2, 11, 12  
chief 5:10; 10:18; 11:24;  
16:21; 23:4; 30:4; 33:8;  
54:5; 71:5; 77:15; 79:10,  
21; 82:6  
children 16:18; 18:6;  
41:16; 46:10; 49:17;  
86:24, 24; 87:22, 23  
cigarette 41:16, 17  
cigarettes 52:25; 59:12;  
85:13  
circumstance 79:7  
circumstances 26:17;  
47:1, 3  
citizen 51:7

City 81:14  
claiming 10:6  
clarify 5:17  
clear 12:22; 14:10, 15;  
22:11; 26:1; 41:2; 54:3;  
61:9; 72:20  
clearly 23:10; 43:8, 21;  
73:8; 84:24; 85:20  
Cleveland 81:14  
Club 45:23; 47:22; 81:3,  
4, 13, 14; 86:21  
colleagues 8:14; 54:7;  
86:21; 87:20  
collect 86:9  
colloquy 86:5  
colors 72:12  
combination 60:5  
coming 6:19; 35:8; 43:13  
comment 38:5, 20; 74:3  
commented 36:5  
commenting 45:15  
Commerce 52:13  
Commission 4:11, 20,  
22; 73:23; 89:9  
Committee 15:20; 52:13  
common 75:15  
Commonwealth 45:23;  
47:22; 81:4  
communicate 42:24;  
62:2, 6; 73:2  
communicated 44:15  
communicating 42:25;  
45:15  
communities 51:4  
community 10:6; 21:2;  
52:1; 73:14; 88:5  
companies 14:4; 32:9,  
10; 38:24; 44:18; 45:12,  
14; 50:6, 14; 52:17, 21;  
58:9; 61:20, 21, 23; 62:1,  
13; 63:24; 73:21; 76:3;  
79:2, 10, 11, 14, 22; 80:11,  
16, 17, 22; 83:4; 88:1, 2, 3,  
3, 8  
Company 4:12, 23; 9:22;  
10:18, 19, 23; 11:25; 12:3;  
15:23; 16:7, 16, 19, 21, 23,  
25; 17:1, 8; 18:11, 15;  
20:25; 21:8; 22:23; 23:3,  
10, 20, 23, 25; 27:3, 10;  
30:10; 31:5, 12; 33:9;  
35:24; 37:6, 8; 38:13, 14;  
39:9, 10; 40:4; 41:25; 43:9,  
13, 24; 45:13; 50:5, 19, 22,  
25; 51:7, 20; 54:5; 55:12;  
60:10, 24; 62:1, 2, 25;  
65:13, 13, 14, 19, 21; 66:1;  
67:12; 70:6, 12, 21; 73:1;  
74:1; 78:13, 17, 19, 22, 24;  
79:16, 19; 80:18, 19, 20,  
21; 84:15; 86:16; 88:11;  
89:4  
company's 39:1; 43:14;  
70:17; 78:3; 82:7, 14  
compare 12:25  
compared 27:17; 48:2

comparing 48:7  
compete 62:4; 73:21, 24;  
74:1  
competing 62:25  
competitive 29:1  
competitors 21:3; 32:17;  
76:2  
complaint 4:11, 14, 21  
completely 61:22; 73:18  
complicated 44:2; 77:8  
component 53:23; 75:1  
components 51:10  
comprehensive 53:1  
conceivable 28:23; 47:1;  
48:21; 60:11  
conceivably 59:3; 62:19  
concern 41:12; 72:7, 9,  
17; 77:16, 22; 78:2, 10;  
86:25; 87:23  
concerned 10:2; 16:17,  
20; 47:16; 50:12; 66:7;  
70:5; 73:17; 78:6  
concerning 18:5; 65:8;  
67:12; 82:17  
concerns 19:5; 20:11,  
19; 76:20  
concluded 16:3; 48:14  
conclusion 15:22; 31:13;  
39:12; 75:20  
conclusions 55:17; 56:8;  
76:11  
concrete 63:11  
conduct 75:2  
conducted 4:10  
confirmed 33:20  
Congress 15:20; 24:21;  
36:2; 37:6, 9; 39:6; 61:17;  
72:14; 74:5; 80:25  
Congressman 65:23;  
66:4  
conjunction 60:4  
Connecticut 6:16  
connection 4:10; 49:12  
consequence 62:21;  
73:10  
consequences 44:20;  
45:5; 47:18  
conservative 45:9  
consider 40:7; 50:7, 23,  
24; 61:24; 86:14  
consideration 58:8  
consistent 76:23  
consistently 32:15  
constant 10:14  
constitutional 61:22;  
62:24; 73:19; 74:13; 82:5  
consume 85:21; 86:3, 8  
consumed 56:11; 57:1  
consumer 26:19; 51:2;  
54:5; 58:25; 61:25; 62:1,  
12, 22, 25; 73:1; 74:1  
consumers 59:6; 64:11;  
69:12, 18; 71:9; 73:3, 9;  
85:8, 13, 18

contact 83:1  
contacts 83:3  
contained 14:20; 89:7  
context 38:22; 52:22;  
80:16  
continue 11:8; 39:2; 88:3  
continued 52:22  
continuing 35:13; 39:13  
contribution 52:2  
contributions 51:5  
control 58:19  
controlled 86:23; 87:4,  
21  
controller 30:2; 33:14  
controversial 11:10;  
21:4  
controversies 9:16, 17,  
19; 16:13; 31:8  
controversy 10:3; 13:9;  
31:1; 38:23; 39:3; 55:23,  
24; 61:19; 79:23, 23  
conversation 32:5, 22;  
37:7, 11  
conversation 8:15;  
10:24; 11:3, 5; 22; 15:15;  
21:18, 23; 23:5; 51:19;  
69:5  
convey 9:5; 14:5  
convince 52:9; 66:13  
cool 47:14  
cooperate 83:4, 8  
copy 7:20  
corner 67:3  
corporate 18:23; 51:7  
corporation 10:17; 16:8;  
79:12; 85:6  
corporation's 9:7; 20  
correctly 53:2  
Cortina 68:7  
couldn't 54:1; 55:6  
counsel 4:14; 81:12:2;  
14:11; 23:1, 8, 20, 25;  
31:5; 33:8; 37:16; 83:14  
count 6:11  
country 48:25; 58:18;  
74:12; 77:17; 82:17; 85:7;  
86:13  
couple 20:8; 35:10; 42:7  
course 19:16; 38:4;  
73:20  
court 7:10  
cover 30:15; 34:11, 14;  
66:25  
create 12:19; 59:9  
created 10:10  
creation 50:3  
Creighton 19:22; 37:15  
criticism 16:8  
criticizing 55:15  
culture 73:20  
current 6:12  
currently 35:24  
customers 62:3, 7; 85:4,

11, 17, 18  
**D**  
D09285 89:3  
data 26:9, 18; 27:12, 18,  
20, 23, 25; 28:2, 7, 13;  
29:14; 31:24; 32:1, 6, 20;  
33:15, 17, 18; 34:12;  
35:11; 64:2, 9  
date 34:4; 83:21; 89:5, 12  
dated 6:9; 26:3; 29:8;  
68:6  
David 4:13, 19; 30:7, 8;  
42:4; 72:18  
Davis 18:18  
day 80:4  
days 34:9  
dead 24:21; 25:7; 30:20;  
31:16  
deadline 8:21, 24; 9:5  
deal 73:11, 18; 74:14;  
86:18  
dealt 73:12  
debate 4:18  
decade 34:17  
decide 13:24; 43:16;  
46:10; 50:6  
decided 42:20; 43:8;  
59:19  
decides 56:22  
decision 15:11, 13, 15;  
24:11, 16; 36:24; 37:1;  
42:23; 43:7, 19, 24; 44:3,  
4, 6; 50:21; 56:14  
decisional 62:12, 13  
decisions 4:4, 6; 48:25;  
78:21, 24; 86:24; 87:22  
declining 33:22; 35:12,  
18  
decreasing 31:1  
defined 72:2  
definitive 73:1; 75:3  
depends 44:13  
deposed 73:1  
Deposition 4:7, 9; 5:13;  
6:18; 7:7, 12; 25:17; 29:5;  
41:23; 65:2; 66:23; 68:3;  
72:22; 83:13  
describe 84:24  
description 5:19  
detail 30:18  
detailed 23:19  
details 38:3; 40:22, 24;  
58:22  
determine 74:21; 76:18  
develop 50:20  
developed 77:23; 78:4  
developing 20:15, 17;  
71:16  
devote 49:7  
devoted 48:11; 82:15  
dialogue 82:19

Diane 65:2; 66:23  
difference 52:15  
different 12:10; 32:23  
difficult 21:4; 52:9  
direct 61:10; 72:21  
directed 21:22; 23:9;  
30:16; 50:4; 54:1; 59:8;  
62:16, 18; 63:13, 14; 73:9  
directly 30:3; 42:25  
disagree 55:4, 6  
disappeared 36:25  
discuss 6:18; 35:2; 37:2  
discussed 7:7; 19:3;  
21:13; 41:9; 55:11; 60:8,  
21; 70:12  
discussing 61:7; 80:10  
discussion 22:23; 23:22;  
67:11, 16; 70:20  
discussions 11:6; 14:24;  
24:8, 10; 69:1; 70:6, 23;  
71:1, 3; 80:3, 7; 87:25  
dissatisfaction 82:11  
dissemination 50:3  
distributor 53:15  
distributors 85:18  
Docket 4:12  
DOCKET/FILE 89:3  
document 5:3, 4, 6, 15,  
20; 7:11, 19; 25:16, 22, 25;  
28:15; 29:20, 22, 23; 34:2;  
65:3; 66:8, 9, 10, 11, 16,  
24; 67:1, 13, 24; 68:9  
documents 65:13, 13,  
15, 19, 22, 25; 66:3, 4, 7  
dollars 42:11; 48:4  
done 18:22  
double 69:25; 70:2  
doubt 69:22, 23; 70:3;  
75:7  
down 22:18, 19; 31:8;  
48:20, 21; 49:9  
drafts 22:17  
dramatically 64:13  
draw 7:22; 32:8, 11, 13,  
15; 33:18  
drawing 32:10  
driving 20:7  
duly 4:5  
Dunn 68:7  
During 46:1  
**E**  
each 12:20; 50:5, 22;  
58:13; 73:22; 79:10;  
80:11; 88:2, 8  
earlier 52:12; 70:5; 75:4;  
82:25; 83:23  
early 17:6; 18:9; 22:10,  
17; 24:4; 31:7; 64:8  
earth 76:23  
easily 43:15  
educate 52:17; 86:23;  
87:7, 22  
educational 46:5, 18;  
47:25; 48:23; 49:7; 50:20  
effect 24:24; 33:21; 57:15  
effective 11:7, 9; 16:13;  
17:17; 31:21, 22; 49:16,  
24; 50:16, 18; 53:20; 54:23  
effectively 44:11; 87:11  
effectiveness 31:2  
effort 18:24  
efforts 23:8; 70:7, 19;  
86:23; 87:4, 6, 21  
eighties 18:25  
either 21:1; 22:10; 23:7;  
29:13; 34:5; 51:4, 19;  
63:12; 65:22, 23; 70:18;  
87:6; 88:4  
eliminate 59:4; 61:21  
else 7:8; 19:25; 39:18;  
60:9; 65:24; 70:14; 73:16;  
79:8; 81:22  
elsewhere 66:22  
emphatic 19:8  
enact 24:22  
enacted 24:23  
encourage 12:17; 86:22;  
87:20  
encouraged 13:17  
end 9:14; 19:2; 37:23;  
38:19; 40:2, 5, 10; 61:18;  
77:4; 82:19  
enforce 49:24; 50:15;  
51:13  
enforcement 46:16;  
51:11, 16  
engage 54:11  
engaging 52:7  
enlistment 5:21, 23  
enormous 52:2  
enough 29:2, 3; 40:24;  
53:17; 77:19  
ensure 22:24  
especially 47:17  
ethical 84:21; 85:2, 7  
even 10:8; 12:2; 14:11;  
33:22; 40:23; 43:12;  
57:16; 59:8, 12; 69:19;  
71:10; 77:10; 82:5; 84:9  
event 38:16; 77:10  
events 32:25  
every 50:25; 51:7  
everyone 85:7  
evidence 16:11; 40:17;  
49:11; 55:9; 63:11; 71:21;  
78:4  
exactly 13:6, 10; 26:11;  
38:9  
examination 4:5, 16  
examined 4:6  
example 46:17; 49:25;  
58:12; 71:18  
examples 19:19  
excise 46:3; 47:24; 48:8  
Excuse 35:6  
execution 71:22  
executive 5:8, 10; 10:18;  
11:24; 16:21; 23:4; 33:8;  
54:5; 71:5; 77:16; 82:6  
executives 79:10, 21  
exercising 62:24  
Exhibit 4:7, 8; 5:2; 6:9;  
7:11, 12, 13, 16; 25:16, 17,  
18, 21; 29:4, 5, 6, 7, 11, 24;  
31:24; 32:21; 34:1, 10;  
65:1; 66:22; 68:1, 3, 4, 5,  
10; 83:12, 13, 14, 16;  
84:17  
exist 36:8; 38:7  
existed 18:9, 10  
exists 36:7; 38:6  
expect 53:14  
experience 54:18; 55:8  
expert 31:19; 32:8;  
51:15; 54:4  
expertise 53:10  
expired 38:18; 40:2  
explained 39:25; 58:23;  
69:11  
explanation 37:10  
explored 88:7  
exposure 44:11  
expressed 14:12  
expressing 41:25  
expressly 14:5  
extant 9:16  
extend 85:13  
extensive 81:23  
extensively 66:5  
extent 20:8; 44:3; 59:1  
external 13:4, 5  
extremely 75:16  
eye 75:19

**F**

F 4:4; 5:1, 9; 89:1, 17  
facetiously 52:23  
fact 10:12; 11:7, 8; 15:14;  
16:10; 24:10; 36:4; 53:5;  
56:25; 57:23; 58:8, 16;  
59:11; 73:8, 17  
facts 40:17; 49:5; 82:21  
factual 13:13  
fair 45:12, 14; 72:19;  
73:15; 77:4; 85:22  
fall-out 62:23  
familiar 19:11; 20:2;  
25:23; 26:5; 29:21; 48:10;  
59:18, 24; 60:2, 7  
familiarity 20:8  
far 13:8; 52:3; 54:8  
father 78:8  
February 26:3; 28:17;  
34:5  
Federal 4:11, 19; 73:22;  
89:9  
feel 39:4; 80:12

feeling 39:5  
feels 82:7, 8  
felt 9:12, 18; 15:21; 16:2; 47:19, 19, 20, 20  
females 68:23  
fester 39:3  
few 20:5; 22:21; 39:16; 65:4; 81:20  
figure 42:2, 12  
finally 61:18  
financial 26:25; 30:4  
find 13:22  
finding 8:24; 11:2  
fine 83:17; 84:4  
first 8:22; 9:10; 11:21; 15:2, 2:16; 16:18; 6:23; 18:33:8; 34:2; 35:3; 36:18; 45:16; 54:11; 59:15, 18, 25; 60:3, 17, 24; 67:6; 76:14; 77:2  
flat 33:22; 35:17, 18  
flying 7:7  
focus 23:12; 52:10; 53:16; 55:24; 70:24  
focused 20:15; 21:10; 71:4  
focuses 5:19  
focusing 9:24; 70:19  
followed 46:2  
following 49:1  
follows 4:6  
forces 87:8  
form 17:10; 20:21; 40:17; 57:5, 19; 58:1; 63:7; 74:10; 75:19; 78:1  
formal 42:22; 43:6, 19, 20, 24  
format 29:18, 19; 89:21  
forward 10:19  
found 9:23  
foundations 55:16, 19  
founded 52:7  
frame 23:17  
Fran 19:21; 20:4; 37:14  
Francisco 45:24; 81:5  
frank 75:21  
frankly 75:4  
free 20:9, 25:8, 14; 40:23; 83:9  
freedoms 45:16; 74:13  
friend 78:8  
FTC 86:17  
FUB 59:23; 60:3  
FUBYAS 60:6; 61:6; 64:25; 68:21; 69:2  
full 4:25; 7:22; 15:2; 89:7  
full-priced 28:11  
fundamentally 45:16  
funds 46:5; 47:24  
further 51:6; 88:12  
future 11:9; 75:7

**G**  
G.C 68:6  
gap 34:15; 35:8; 59:9  
gave 71:14; 84:13  
general 12:2; 14:11; 21:20; 22:23; 23:1, 7, 20; 25; 28:19; 31:5; 33:8; 37:15, 18; 51:19; 53:25  
generally 55:23; 56:4, 16, 18, 20; 57:1  
generals 24:6  
genuinely 71:4  
girl 62:10  
given 5:12; 11:9; 33:12; 35:14; 40:23; 68:23; 81:2, 3, 10  
gives 44:10  
giving 45:22; 81:24  
goes 13:8, 27:5  
**GOLDSTONE** 4:4, 7, 18; 5:1, 9; 7:11, 12; 15, 21; 25:16, 17, 20; 29:5, 11; 45:22; 68:1; 83:13, 16  
**Good** 13:22; 22:11:15, 20; 45:3; 46:4; 47:23; 48:1; 51:6, 6; 53:25; 74:14  
government 10:21; 16:10; 18:13; 25:45:1, 2; 75:6, 10  
great 53:10  
greater 53:14; 41:17; 54:6  
group 27:23; 68:24; 81:20  
groups 50:19; 52:6, 19; 53:3, 7, 9; 58:17, 24  
grow 85:15  
growing 42:7, 9, 12, 23; 33:21; 35:19  
growth 33:4, 4, 9; 35:11; 68:23  
**Guard** 6:3  
guess 24:19; 44:7  
guessing 27:5  
**Guy** 7:4

**H**

hand 42:13; 64:25  
handsome 62:9  
handwritten 29:8; 30:14  
happen 54:4, 8  
happened 33:24  
happy 82:2  
hard 13:12  
harm 17:1  
harmful 16:22  
haven't 35:4, 25  
head 38:23; 68:15  
health 9:22; 10:6; 21:2; 44:20; 51:23; 52:1, 6, 19;

53:3, 7; 73:14; 88:5  
heard 31:4; 33:6; 59:21  
hearing 60:14; 89:5, 8  
help 46:18, 25; 50:8, 15, 19; 54:16, 17, 19; 58:13; 87:9  
**HEREBY** 89:6, 19  
herein 89:7  
hereto 4:8; 7:13; 25:18; 29:6; 68:4  
high 9:7; 11:1, 2, 16, 20; 85:22  
Hill 26:2, 20  
himself 24:1  
hip 47:14  
historical 38:16; 65:15  
holding 80:10, 15, 17, 18, 19, 20, 21; 88:1, 2  
hoped 11:16; 13:22, 23  
hoping 31:12  
hostility 52:8  
hour 35:21  
House 15:20; 36:5; 38:5; 60:17; 69:10; 70:11; 71:7  
human 76:22, 25  
hurt 47:2  
hyphenation 89:20

**I**

idea 11:15, 20; 34:19; 54:23; 64:2  
identification 4:8; 7:13; 25:18; 29:6; 64:12; 68:4; 83:14  
identifies 5:9  
Identify 5:4; 6:24, 25; 7:16, 18; 25:21; 25:83:16  
illegal 86:6  
image 31:9, 13; 41:17, 18; 62:9  
images 62:7, 8, 11, 12  
imbedded 73:20  
impact 46:7, 10; 47:3; 48:15, 25; 64:10  
implemented 17:19  
implications 44:19  
important 43:9, 10, 21; 46:17; 50:1; 54:12; 61:17; 71:5  
impossible 48:20  
inaccurate 15:18  
Inadvertent 23:12; 79:7  
Inadvertently 21:22; 70:18  
inc 79:14  
incentive 53:10  
Incidental 76:19  
include 53:23; 54:14; 71:18  
including 9:15; 23:3  
increase 47:24  
increased 34:16

Increasing 64:13  
indeed 79:1  
indented 7:23; 15:2  
Independent 15:5; 78:16, 18; 86:22; 87:21  
indicated 10:24; 24:21; 33:11; 41:23; 51:9; 80:2  
indication 71:23  
individual 45:3; 50:22; 76:9, 10  
Industries 79:17  
Industry 27:18; 28:11; 41:24; 42:10, 24; 50:2; 51:23, 24; 52:9; 73:11; 86:22; 87:20  
Industry's 41:25  
Influence 10:7, 11; 47:5; 75:2; 76:18  
Information 5:14; 6:10, 11; 34:9, 22; 35:15  
Informed 11:11; 80:7  
inordinate 10:7  
inquiry 17:21; 42:4  
instinct 33:9  
Intelligently 40:25  
intention 39:23, 24; 70:17  
intentionally 23:11; 70:18  
interest 10:16; 16:6; 39:2, 14; 46:21, 22, 24; 47:8, 11; 77:21; 82:7  
interested 9:6, 23; 31:1; 63:10, 15, 18; 73:16; 82:12  
interests 47:7; 79:13, 15, 18, 21; 82:15, 23  
interfere 14:2  
interviewed 81:7, 18, 22  
interviews 81:11, 25  
intimate 82:10  
into 24:24; 58:8  
Invest 42:25; 43:25  
Investment 43:13; 44:17; 48:22  
Involved 36:16; 42:21; 50:7, 23; 54:22; 63:21  
involvement 50:1; 53:22; 63:2  
issue 20:15; 21:10, 15, 16; 24:21; 25:8; 48:13; 50:11; 52:4; 56:1; 58:21; 71:4; 72:20, 25; 73:18; 75:15; 86:14  
Issued 4:11  
issues 12:11, 15; 13:4, 5; 44:14, 20, 21, 22, 22, 23; 45:7; 50:8; 52:11; 73:14; 74:14; 75:16; 82:17, 22; 86:18; 87:8; 88:6  
item 38:16  
itself 31:9; 58:17

**J**

J 4:22; 89:4, 15, 24  
January 15:19; 83:20  
Job 28:18; 46:4; 47:23; 48:1; 51:24; 52:20; 53:4  
Joe 4:23; 7:25; 8:2, 16, 21; 9:13, 17, 19; 10:1, 6, 10, 11; 6, 13; 13:9, 11, 14, 21, 23, 25; 15:4, 24; 16:4, 12, 17; 17:4, 17; 18:5, 14; 19:5; 20:20; 24:12, 14, 25; 25:5, 8; 28:20; 31:1, 7, 20; 36:10, 16, 21; 37:21; 38:11, 15, 25; 39:12, 13, 15, 20; 40:13, 61:10, 14; 63:4, 21; 64:1, 3, 7, 10, 12, 13, 21; 65:8, 9, 12; 77:12, 18, 19, 25; 78:9  
John 7:3; 83:19  
judgment 32:4; 50:14; 77:14  
judgments 47:4  
June 17:5; 24:9, 19, 25; 25:3, 7; 36:22; 45:23; 61:17, 24; 73:12, 13; 79:3, 9; 80:24

**K**

keep 41:18; 54:10; 55:20  
Keith 27:8  
kept 80:7  
kid 72:11  
kids 46:14; 72:2, 8, 17; 77:13  
kind 10:14; 29:17, 19; 31:12; 38:17; 40:1; 41:16; 55:25; 62:23; 71:22; 75:17  
kinds 49:19; 50:13; 59:4; 87:8  
Kiwanis 81:12  
knew 14:1  
knowing 85:17  
knowledge 17:24; 54:6; 56:21; 89:10  
known 24:9; 28:11  
knows 21:3; 46:13

**L**

lack 64:12  
landscape 62:11, 15  
landscapes 73:6  
large 43:19  
largest 38:24  
last 12:5; 27:25; 28:4; 33:10; 37:23; 41:22; 61:3; 72:1; 80:2  
late 18:24, 25; 22:10  
later 34:10  
launched 19:17, 19  
Laura 4:20

law 25:12; 73:21, 22  
lawfully 88:8  
laws 18:23; 46:16; 49:25;  
50:15; 51:11, 13, 17; 63:1  
lawsuit 10:13  
lawsuits 10:13, 20; 16:9,  
24; 24:6  
lawyers 6:21; 48:10  
layman 31:18  
LBO 18:24  
leading 28:10  
leaked 69:22  
learned 38:14  
least 15:8; 23:2; 36:23;  
48:8, 12, 19, 21; 49:4, 9,  
10; 54:19  
leaving 5:19  
left 7:3  
legal 21:9, 25, 33; 84:20,  
24; 85:4, 25  
legally 25:14; 86:3  
legislature 11:22  
legislation 42:1; 81:21  
legitimate 73:3  
length 19:4; 22:24  
lets 52:23  
letter 83:18, 22; 84:1  
letting 45:4  
level 44:11  
liberal 45:9  
lifestyle 86:24, 87:22  
lighters 88:3  
liked 72:3  
likely 46:20  
limit 59:15  
line 32:11, 13, 15, 17, 19  
lines 32:9, 10, 18; 37:8  
liquor 76:3  
list 9:7; 11:16  
literally 33:16; 53:6  
litigation 52:8  
little 6:22; 53:22; 16; 58:5,  
14; 64:14; 70:15  
lives 44:25; 45:5  
logic 53:5  
logical 53:9, 15  
London 79:1  
long 8:1; 17:6, 14, 23  
long-term 7:20  
longer 25:14  
look 5:15; 7:15, 21; 12:4;  
25:21; 27:18, 20; 32:1, 3,  
6; 33:16; 44:13; 52:16, 17;  
65:3, 12; 66:21; 67:5;  
82:20; 88:3  
looked 33:3, 12; 65:20  
looking 8:16; 13:21;  
19:12; 21:5; 27:5; 30:25;  
31:24; 33:11; 35:10, 17;  
36:6; 51:14; 62:10; 66:25;  
84:6, 10  
looks 5:18; 10:19; 29:21  
Lorillard 79:13

lot 5:13; 15:23; 16:11;  
39:21; 43:17; 51:22; 86:11  
lower 67:2  
Lowes 79:12; 80:18  
Lynn 19:21; 20:4; 23:8;  
37:14; 60:8; 84:18

**M**

Magazine 81:8, 17  
major 10:18; 12:16;  
27:17; 28:9; 29:1; 62:5;  
85:6  
making 9:6, 23; 14:17;  
15:24; 19:8; 21:21; 23:9;  
47:4; 50:14; 55:14  
males 68:21  
man 62:9  
management 9:8, 11, 24;  
10:9, 25; 11:1, 6, 11, 14;  
12:18; 13:6, 14:3, 6, 8;  
17:13, 20; 23:3; 33:7;  
70:21  
manipulated 33:25  
manner 17:15; 72:4  
many 52:5; 74:15; 77:17;  
82:22, 22  
mark 7:11; 25:15; 29:4;  
68:1; 83:1  
marked 4:7; 9:2; 7:12;  
19:17; 29:3; 31:1; 36:22;  
68:8; 83:13  
market 21:8; 23:11; 26:9;  
27:16, 18; 28:1, 2;  
57:15; 58:9; 86:1, 2, 3, 4, 6  
marketed 33:19  
marketing 10:1; 12:14;  
20; 16:7; 19; 39:16; 24:1;  
25:4, 4; 31:5, 9, 19; 23;  
32:8, 9; 38:3, 11, 15;  
39:17, 19; 57:8, 10; 58:20;  
59:15; 60:25; 61:6; 19;  
68:15; 70:8  
marketplace 15  
markets 57:21  
Marlboro 21:1; 24;  
32:13; 33:5; 34:16; 20;  
35:12, 18  
massive 55:21  
material 51:21; 55:21;  
56:7; 64:4  
matter 4:12; 28:19; 45:7;  
61:13; 63:4; 75:13, 17;  
76:22  
matters 18:23; 76:24, 25  
may 14:12; 21:24; 22:16;  
23:24; 24:1; 27:12; 36:1;  
37:5; 42:11; 47:3, 12, 15,  
16, 18; 60:12, 13; 68:6;  
80:5  
maybe 16:12, 14; 17:6;  
19:21; 23:18; 29:15;  
49:11; 58:13; 81:23  
McCain 42:1; 48:3; 81:21  
mean 8:10; 9:2; 10:4;

38:7, 21; 39:19; 43:7; 47:8;  
48:16; 50:24; 52:23, 23;  
53:4; 58:3, 12; 63:18;  
65:14; 71:12; 76:21;  
80:16; 86:7; 87:3  
meaning 47:24; 71:13;  
72:2; 85:4  
means 59:10; 60:15  
meant 38:8, 9  
meet 64:19  
meeting 83:23; 84:16  
memo 12:4; 15:14; 26:2;  
27:2; 68:6, 20  
memorabilia 37:20;  
39:21  
memorandum 7:19;  
11:17; 12:15; 14:21, 22;  
15:6; 19:10  
memory 38:10  
mentioned 82:25; 83:23  
merchandise 40:13  
message 44:12; 53:17  
messages 53:12  
met 65:5; 83:6  
methods 51:9  
Mezzina 83:19  
Mezzina/Brown 64:17;  
65:5; 83:1  
Mid 6:8; 64:8  
might 16:18; 20:12;  
46:18, 23; 47:19, 19, 20;  
54:20; 76:5; 77:9  
Mighty 20:2, 12, 18; 22:2,  
14  
military 5:21, 22, 25  
million 41:24; 42:2, 11;  
44:17  
millions 42:11  
mind 12:18; 13:5, 7, 8;  
30:25; 31:11; 48:1; 66:18;  
71:14  
minute 17:14  
misconduct 10:21  
misleading 85:22  
mistake 74:12, 17  
mix 85:16  
model 62:15; 76:5  
models 73:5; 76:4  
moment 66:21; 76:14  
moments 22:21; 39:16;  
65:4  
money 87:10  
months 15:22; 20:5;  
28:5; 45:10; 81:20  
moral 84:20; 85:1  
more 6:12; 7:24; 14:24;  
15:3, 15; 17:17; 28:8;  
29:21; 31:11; 35:16;  
48:10; 49:12; 50:16, 17;  
51:14; 52:3; 53:5; 58:5, 7,  
14; 60:5; 61:17; 79:8; 80:6;  
82:11  
Morgan 68:7  
morning 4:18; 6:20

Morris 79:14, 16; 80:19  
most 19:7; 23:19; 25:4;  
37:18; 46:15; 49:23;  
51:16; 54:12; 55:2, 5, 56:4,  
17; 57:3, 13, 14, 24; 58:18;  
59:5  
motivation 53:11  
mountains 76:7  
Mssrs 68:7  
much 16:8; 24:20; 28:18;  
42:9; 44:25; 45:2; 50:16;  
55:13; 61:22; 88:14  
must 15:7; 46:12; 68:22  
myself 55:17

**N**

Nabisco 5:6, 10; 18:22;  
19:1; 24:5; 26:23, 24; 27:4,  
6; 30:2; 43:22; 45:12; 71:6;  
77:16; 78:14; 79:2; 80:18;  
82:24; 84:20  
Nabisco's 9:20; 43:15;  
82:14  
name 4:13, 18, 25; 6:13;  
66:18; 87:12  
narrow 74:14  
National 6:3; 81:2  
nature 11:10  
near 46:23  
nearing 9:13, 14  
necessarily 32:2; 75:9  
necessary 44:11; 62:23;  
73:1, 10  
need 5:13; 12:6; 24:23;  
54:17, 19; 58:4; 62:2, 7;  
63:1; 72:14; 74:4; 80:12  
needed 42:24  
needs 53:21  
negative 32:12, 18;  
64:11; 69:25; 70:2  
negotiating 24:5; 79:3,  
13, 15, 18  
negotiators 79:9  
neutral 75:10; 76:15  
New 18:19; 64:16; 81:7,  
17; 84:1  
Newport 28:7, 9, 24;  
32:16; 33:5; 35:19  
newspapers 45:8  
next 8:18; 25:16; 68:1;  
83:11  
nice 62:10; 72:12  
nine 28:4  
non-government 86:23;  
87:3, 16, 21  
nonetheless 86:8  
normally 63:23  
note 6:9; 29:8; 30:15;  
33:19; 34:11, 15, 15, 23  
noted 88:15  
notes 89:8  
nothing 21:25; 22:2;  
48:6; 53:5, 7; 54:21; 74:15;

88:13  
notice 5:20; 35:20; 72:10;  
80:3, 6  
noticed 72:3  
notwithstanding 73:8  
November 6:10, 12;  
7:20; 14:20, 22; 15:8, 10,  
11; 19:10  
Number 4:13; 9:14; 10:5;  
15:22; 39:14; 44:14; 45:9;  
49:8; 58:23; 67:3; 69:14;  
89:3

**O**

O 89:1, 17  
object 10:20; 17:10;  
39:20; 40:16; 50:18; 57:5,  
19; 58:1; 63:7, 9; 74:9;  
78:1  
Objection 20:21; 41:13  
objective 75:20; 77:4, 10  
obligation 84:21; 85:1  
obligations 84:24, 25;  
85:3, 7, 10, 12, 21  
obviate 76:20  
obvious 35:10; 48:3  
obviously 28:16; 35:8;  
44:20  
occasional 11:14; 23:21;  
28:1; 83:6  
occasions 11:12; 23:6,  
23; 58:24  
occur 17:2  
ocean 76:6  
odd 23:23  
offer 38:18; 40:2  
offered 12:1  
officer 5:10; 11:25; 30:5  
officials 70:7, 12  
often 46:20, 22; 47:12;  
58:17  
old 47:21; 56:15; 59:9  
older 40:15; 57:11; 59:4,  
16; 65:19; 69:14, 19;  
71:11, 20; 78:9  
one 14:3; 16:14; 21:17;  
23:18, 19, 22, 24, 25; 25:5;  
36:5; 38:23; 41:9; 42:2;  
49:10; 51:9; 52:24; 55:9,  
17; 60:5, 21; 61:2; 62:5, 5;  
63:19; 66:7; 76:19; 79:12;  
84:9; 86:2  
one-page 26:4  
ones 85:8  
only 29:15; 36:3; 37:18;  
42:7; 52:14; 62:4; 66:2;  
68:25; 71:2; 72:18; 80:4;  
86:2  
operating 22:9, 12, 20;  
33:6; 63:24; 78:16, 18, 24;  
79:24  
operations 14:3  
opinion 12:2; 49:15;

50:17  
opportunity 23:21  
opposed 76:19  
order 5:12; 10:10; 24:23;  
61:18; 62:3, 3, 4; 66:13;  
73:2  
ordinarily 63:22  
ordinary 19:16; 38:4  
organization 10:12; 21:1  
orientation 23:2  
original 61:17  
others 52:20; 81:15;  
85:19  
otherwise 31:10; 60:13  
ought 9:15; 31:13; 40:4;  
45:1, 2; 50:12; 52:18;  
53:16  
ours 79:24  
out 28:5, 35:15, 17;  
37:22; 38:17; 40:1, 23;  
43:14, 15; 48:5; 10:53:18;  
82:17; 87:6  
over 37:20; 46:16; 28:13;  
31:9, 34:16; 45:9; 56:11,  
23; 58:10; 59:16; 85:4;  
86:1  
overall 9:21; 10:16; 54:13  
own 9:4; 12:19; 17:23;  
30:25; 31:11, 18; 20; 45:4,  
5; 46:12; 49:3; 50:6; 51:17;  
54:18; 55:7; 76:9  
owned 80:1  
owner 82:15  
owns 49:13

**P**

p.m 88:15  
page 7:22; 23; 12:4, 9, 24;  
13:1, 3, 10, 12; 29:19, 22,  
23, 24; 32:2, 3, 3, 7, 20;  
33:1, 1; 34:1, 11; 67:2, 4,  
5; 68:2  
pages 42:18; 19  
painfully 49:3  
panels 69:11; 71:17  
paradigm 72:13; 74:4  
paragraph 7:23; 8:11;  
11:17; 12:5, 15:3  
parent 59:16  
parental 49:25;  
25; 53:22; 63:2  
parents 86:25; 87:6, 23  
part 22:8, 8; 37:21; 51:6;  
54:13  
participated 43:11  
particular 66:8; 80:9;  
82:1  
partner 18:18  
parts 19:13; 21:2  
party 74:20; 75:11  
past 45:9; 61:4; 75:7  
path 60:19

pattern 33:5  
pay 40:14  
pending 24:6  
Pennell 68:6, 12  
people 8:4, 9; 10:5; 19:3,  
18, 20; 20:15; 21:5, 10;  
22:7; 24:1; 32:9; 37:8;  
38:18; 39:4, 9, 10; 40:3,  
12, 22; 43:1; 44:15, 25;  
51:20; 52:17, 18; 54:16,  
20, 21; 55:14, 15; 56:5, 17,  
23, 25; 57:1, 3, 11, 13, 14,  
17, 24; 58:7, 16, 25; 59:8,  
16; 64:8; 66:13; 69:5, 19;  
71:11, 17; 73:25; 76:20;  
77:17; 82:19; 86:12; 87:9;  
88:5  
period 26:16; 28:13;  
32:14, 16; 49:20  
person 4:23; 27:1;  
56:13; 79:15, 17  
personal 31:18, 20;  
41:14; 46:14; 50:6, 17;  
54:18; 55:1  
pertains 42:8  
pet 48:6  
petition 73:14; 74:4  
Phillip 79:14, 16; 80:19  
philosophical 44:22  
philosophically 52:14  
Phoenix 81:13  
phrase 14:25; 13:1  
picture 13:1  
pieces 22:18  
Pierce 18:2, 22, 23; 27:3  
place 15:19; 22:6, 25;  
23:15; 30:11; 77:7  
plan 86:21; 87:19  
plane 76:7  
plans 12:20; 39:15; 57:8;  
58:21; 60:18; 67:15  
play 13:10; 24:11, 13, 15;  
41:17; 50:9  
please 4:24; 6:23; 7:21;  
25:16; 26:32:3; 41:3; 43:3;  
68:1; 83:17  
pleased 13:20  
pleasing 62:8  
plural 84:2  
point 9:20, 21; 10:1;  
11:18; 13:20; 14:1, 5, 9,  
10, 12, 15, 16; 16:11, 15;  
17:2; 18:1; 36:5; 39:11;  
41:14; 49:3; 68:20  
pointed 35:15  
pointing 35:17  
points 34:16  
police 87:7  
policies 21:21; 23:9;  
70:17; 88:9  
policy 72:25  
political 44:21; 45:1  
Polk 18:19  
population 26:19

position 6:14  
positive 9:20; 27:7;  
32:14, 16, 18  
possible 39:1  
possibly 75:25  
Post 66:11  
potential 65:9  
potentially 79:25  
practical 76:12, 22  
practice 14:2; 25:12  
premise 61:16  
prepared 49:10  
preparing 60:16  
present 61:3; 84:16  
presentation 21:17;  
22:7; 24:2  
president 48:4  
press 65:22; 66:6; 81:3;  
86:20  
pretty 24:20; 28:18; 46:4;  
47:23; 48:1; 61:22; 62:10;  
72:20  
prevent 23:12; 49:17  
preventing 46:14; 51:24  
previously 65:18  
primarily 63:5, 14  
primary 53:16; 64:7  
principally 78:21  
prior 80:3  
priorities 9:8; 12:19  
priority 9:7; 11:1, 3, 16,  
21; 19:9  
private 44:25  
probably 7:20; 19:2, 9;  
23:19; 27:6; 28:1, 10;  
43:13; 46:15; 52:9; 61:20  
problem 86:14  
problems 74:14  
procedures 70:17; 71:2  
proceeding 4:22  
PROCEEDINGS 4:1  
process 65:11; 77:8, 9;  
82:12, 13  
produce 85:22, 23  
produced 66:4  
producer 53:14  
producing 85:24  
product 21:8; 44:18;  
51:1, 2, 3; 54:5; 61:25;  
62:2, 12, 25; 63:12; 73:1;  
74:1; 85:23, 24  
production 82:16  
products 20:17; 44:16;  
53:14, 15, 16; 54:15;  
56:10, 12, 23; 57:25;  
58:10; 72:15; 74:6, 7;  
76:17; 82:16; 83:5; 85:9,  
21; 86:4, 8  
professional 17:15, 20;  
84:25  
professionally 18:1  
profile 5:8  
program 31:3; 50:21;

54:14, 14; 68:16  
programs 46:5, 18;  
47:25  
progress 20:5; 46:15  
projects 48:6  
promotion 88:9  
promotional 70:19  
promotions 63:5; 74:20,  
22  
promulgate 53:11  
proofread 89:19  
PROOFREADER 89:17  
proposed 52:15, 24  
proposing 48:5  
proposition 53:8, 8  
propriety 21:6  
prosper 62:3  
provisions 24:22  
public 9:17, 18, 21; 10:6,  
20; 16:9, 24; 17:1; 21:2;  
31:9; 41:24; 44:12; 45:8;  
51:6, 23; 52:1, 5, 19; 53:3,  
7; 72:25; 73:13; 79:23;  
88:4  
publicly 43:22; 66:5  
publicly-traded 79:22  
published 26:14; 27:23;  
29:14; 51:21, 22; 56:7;  
65:23  
publishes 26:9  
pull 40:4  
pulled 40:9  
punctuation 89:21  
purchase 40:13  
purchased 40:24  
purpose 12:17; 39:20;  
65:6; 77:5, 18  
pursue 76:14  
push 49:22  
put 52:22  
puzzled 43:18

**Q**

quality 25:11; 32:7  
quality 85:23, 23  
quarterly 22:9, 12, 20;  
26:14, 15; 27:24; 29:13, 15  
quite 15:21; 51:21; 55:13;  
64:6  
quote 81:23  
quoting 69:16

**R**

R 4:22; 89:4  
R.J 4:12  
R.S 27:8  
raise 48:5; 87:11  
raised 19:5; 46:3; 48:12  
RANDALL 89:15, 24  
rate 39:5

12:24; 32:21; 49:13; 65:25; 86:5; 87:5 refers 12:14; 14:23; 15:14; 29:19; 31:16; 34:23; 80:21; 84:1 reflected 19:10 refresh 33:23; 67:10, 18; 68:25 refreshed 32:25 regard 10:13; 31:19; 61:6; 87:24 regarding 4:23; 9:17, 19; 12:16; 21:21; 31:1; 57:17; 61:19; 69:1, 6, 8, 10; 7:80; 12: 87:8 regards 60:25 regular 33:13; 34:11; 56:6; 80:9, 13 regulators 5:23 relate 47:17 related 28:20; 76:17 relating 33:17; 36:18; 44:23; 50:9, 11; 55:22; 66:10; 72:25; 80:11; 81:11 relations 9:4; 10:20; 16:9, 24; 27:2; 31:10 relationship 77:6 relevant 42:3 remain 68:21, 22 remember 36:17; 66:15; 72:4, 5, 6, 10 repelling 62:9 replaced 31:14 replacements 65:9 replacing 8:23 report 30:8 reported 66:5, 12 reporter 7:10; 35:15; 89:1 reports 30:4, 23:6; 60:12 represent 40:14 representatives 23:22; 24:8; 37:7; 88:1 represented 9:2 requested 27:12; 28:6; 34:24; 41:5, 13, 14 require 44:16 required 73:21, 22 reread 41:3 research 59:8, 15 Reserves 6:13 reside 6:13 resolution 52:16, 25; 82:21 resolutions 52:10 resolve 24:6; 73:14; 86:15 resolving 79:23 resource 49:7 resources 48:11 responsibility 13:15; 86:15, 18 responsible 50:19; 51:7;	78:23; 79:15, 18 responsibly 53:1; 86:19 restricted 72:15; 76:16 restrictive 74:5, 7 result 34:9; 77:25; 79:21 resulted 24:8 retailer 53:15 retailers 85:19; 87:7 retained 83:14 review 19:17; 22:9, 13, 20 reviewed 22:13; 42:17; 18 reviewing 76:16 reviews 9:11 Reynolds 4:12, 22; 8:4, 9:9; 24; 10:9; 11:5, 5, 11; 12:16, 18; 14:9; 16:4; 17:13; 18:21; 20:24; 25:8; 26:25; 27:9; 33:2; 13; 39:4; 42:20; 56:22; 57:8, 10, 21; 58:15, 17; 60:20, 22, 24; 59:14; 61:5, 10, 14; 63:4; 20; 66:12; 68:15; 69:11; 71:15; 78:8; 79:14; 83:16; 77:22; 79:2; 84:20; 87:15; 89:4 RH0003775; 67:3 Rich 29:9; 50:1 Richter 68:7 Rickard 30:7, 8 rid 69:25 Bridgewater 6:15 right 5:11; 24:20; 25:12; 26:7; 30:19; 31:16; 33:25; 50:14, 21; 21; 54:9, 10; 84:14 right-hand 67:3 rights 61:22; 62:24; 73:19; 82:6 risk 52:8; 69:17; 71:9, 12 risky 47:17, 18; 50:9, 13 RJR 5:6; 10:1; 16:3; 18:22; 19:1; 24:4; 26:23; 24:27; 60:1; 61:15, 22; 45:12; 71:6; 77:16; 78:14; 79:1; 80:18; 81:2; 14:24; 84:20 road 20:7 Roath 30:9, 10 Robert 30:9 Roger 26:2, 20 role 11:6; 13:10; 24:11, 13, 15; 44:23, 24; 50:3; 63:22 run 9:14 Russell 29:9; 30:1; 35:1, 7	San 45:23; 81:5 Sara 7:2 satisfied 17:18; 71:3 saw 22:17; 34:22; 67:14; 71:21, 23; 72:12; 79:24 saying 11:4; 15:10; 25:11; 33:19; 36:11, 12; 48:15 scheme 53:2 Schindler 7:20; 13:16; 19:18, 23, 24; 21:19; 23:3; 37:3; 43:10; 44:4, 7; 60:9; 72:1, 22; 78:23; 80:2; 81:25; 84:18 Schindler's 41:22; 79:1 school 5:19 schools 87:7 Schwartz 68:7 scores 53:6, 6 Scott 7:5 screen 76:17 second 12:5, 9; 29:24; 32:2; 33:1; 34:14, 24; 68:19, 20 secondly 76:17 securities 18:23 seeing 9:25; 27:25; 28:23; 60:14; 66:3 seem 26:15; 53:9; 59:7 seems 35:10; 43:18 segment 26:18; 28:11 sell 44:18 selling 52:25 sells 50:25; 51:1, 3 Senate 52:13; 60:17 sense 21:24; 31:6; 37:18; 48:24; 59:2; 75:15 senses 76:25 sensitive 58:15, 21; 59:10; 68:22 sent 33:17, 19; 84:13 sentence 8:18; 12:6; 34:14, 23, 24; 61:3 sequence 32:25 session 23:2; 46:1 set 84:13 settlement 80:3 seventies 6:8 several 11:12; 18:22; 66:6; 69:4; 78:20 Share 26:3, 9; 27:16, 18, 20; 30:18; 42:10 shareholders 82:24; 84:21, 25 shelves 41:18 shocking 62:21 SHONKA 4:9, 13, 17, 19; 7:6, 10, 14; 18:3; 21:12, 15; 22:1; 25:15, 19; 29:4, 7, 10; 34:6, 7; 41:2, 8, 21; 42:5, 7, 14; 43:2, 5; 45:18, 21; 54:1, 25; 57:2, 12, 22; 58:6; 63:17; 67:17; 68:1, 5; 8; 70:22; 74:2, 18; 75:3, 8;	78:12; 83:11, 15; 88:12 short 8:19; 9:3; 12:7, 9, 13, 23 shorten 5:12 shouldn't 82:4 show 15:1; 49:5; 77:23 showed 19:18; 20:4; 33:3; 48:17, 18; 49:8 shown 36:2; 64:4; 66:1 shows 28:17 significance 32:21 significant 33:4; 48:11; 49:7; 82:15 SILBIGER 7:2, 2 simply 52:7; 62:18 sister 78:9 sit 62:14 Sitting 70:25 situation 41:15; 47:2 six 28:4 skeptical 49:4 skew 59:3; 69:14 skewing 71:24 skews 69:17, 18; 71:8, 10, 19 smiling 32:24 smoke 46:11; 52:19; 58:7, 17; 59:11; 78:7 smoked 78:8, 9 smoker 26:9; 60:4; 78:3 smokers 21:23; 26:4, 13; 31:7; 48:5; 55:2, 5; 56:6; 59:11; 60:1, 3, 18; 66:14; 67:7; 70:8; 77:24; 78:5 smoking 46:15; 48:7, 13, 19; 49:1, 9, 17, 21, 23; 50:10; 51:25; 52:18; 53:23; 54:11, 17, 21; 55:5; 57:15, 17; 77:7 social 44:21; 83:6 solution 72:13; 74:3, 8; 76:12 somebody 49:23; 56:13 someone 37:5, 7; 48:17; 65:24; 80:6 something 6:2; 39:17; 41:19; 43:21; 46:8; 47:13; 61:23; 62:16 Sometime 64:20 sometimes 47:6; 85:19 somewhat 25:23; 26:5 soon 38:24, 25 sooner 40:5 sorry 33:22; 35:6 sort 70:11; 75:11; 82:11 sorts 44:19 speak 22:18; 81:19; 82:17 speaks 69:11 special 85:8 specific 14:8; 21:25; 22:2, 15; 27:14; 28:15; 29:16; 71:13	specifically 27:21 specifics 21:19; 56:9; 71:1 speculate 24:15 speculation 57:6 speech 45:23; 46:2; 49:14; 81:2, 4; 86:20 speeches 65:18; 81:10, 24 spelling 89:20 spend 5:13; 87:10, 11, 16 spends 87:15 spent 41:24; 42:10; 44:10 spoken 81:12, 14 sports 68:15 spring 17:6; 22:10; 24:4 spurt 35:11 staff 86:17 stand 53:7 standard 76:23 start 56:5, 5, 17, 25; 57:1, 3, 17; 77:7 started 78:7 starting 69:12 state 4:24; 24:5; 26:1; 51:11 statement 15:18, 24, 25; 39:6, 8; 55:4, 14, 16; 72:16 statements 14:16, 19 states 50:15; 51:1, 2, 3, 16 stationery 5:7; 33:2, 13 statistical 55:15, 19 statistics 48:18; 49:5, 8; 55:24 status 24:18 stay 59:7 steps 58:20; 69:6 Steve 29:8; 30:15 STEVEN 4:4; 5:1, 9 still 6:5, 13, 14, 15; 30:10; 74:25; 76:12 stood 43:22 stop 54:16 stopping 54:20 strategies 67:7 strategy 60:18, 25; 61:6; 68:22; 69:2 Street 81:20 strengthen 17:18; 51:11 strong 46:16; 63:1 strongly 15:21; 16:3; 64:7 stuff 36:25 subject 15:10; 16:23; 20:25; 24:2; 25:23; 26:3, 6; 27:12; 45:11; 51:22; 55:14; 56:2, 14; 61:7; 67:19; 70:16, 20; 73:17; 77:1; 82:3, 8, 9 subjecting 16:8 subjective 75:16; 76:10 subjects 75:20; 80:9
	<b>S</b>	safety 59:9 same 6:13, 14; 22:25; 29:23; 32:14, 22; 39:23; 41:13; 46:23; 78:11	subject 15:10; 16:23; 20:25; 24:2; 25:23; 26:3, 6; 27:12; 45:11; 51:22; 55:14; 56:2, 14; 61:7; 67:19; 70:16, 20; 73:17; 77:1; 82:3, 8, 9 speaking 69:11 special 85:8 specific 14:8; 21:25; 22:2, 15; 27:14; 28:15; 29:16; 71:13	(7) refers - subjects

subsidiaries 19:1  
subsidiary 14:3; 19:4; 78:14  
subtract 5:17  
subtracting 35:8  
suggest 40:3  
suggested 63:11; 64:6; 66:12  
suggesting 40:7  
Sullivan 4:20  
summary 39:8  
summer 17:7; 24:4; 36:23  
supporting 4:14  
supports 31:25  
supposed 72:13  
sure 9:8; 23:1; 41:1; 19:8; 20:14; 21:20; 24:23; 9:24; 36:12; 56:6; 37:16; 38:17; 58:3; 11:6; 9:6  
surprise 27:15; 55:8  
surprised 21:9  
surrounded 20:19  
surrounding 10:3; 13:9; 82:18  
survive 62:3  
suspicions 30:20; 31:15, 25; 33:20  
switched 73:24  
switchers 67:8  
sworn 4:6  
system 26:8

**T**  
T-shirts 85:14, 86:9  
table 6:21  
talk 80:13; 82:2, 8  
talked 14:17; 69:4; 87:9  
talking 7:24; 11:1; 12:23; 15:3, 9; 35:7; 37:9; 53:24; 60:14  
target 68:9; 75:23  
targeting 44:13  
taste 75:17; 76:10, 24  
tasty 20:3, 12, 18; 22:2, 14  
tax 48:8  
taxation 48:13  
taxes 46:5; 47:24; 87:12  
team 10:25; 13:16  
teenage 48:6, 18; 49:20, 22; 59:11; 63:2  
teenager's 47:5  
teenagers 10:8, 11; 23:11; 46:6, 20; 47:6, 10, 12, 21; 50:8; 54:9; 58:16; 63:15; 70:19; 77:1, 7  
telling 9:12  
tells 28:24  
ten-year 26:16; 28:13  
tend 39:3

tense 61:4, 4  
term 59:18, 21, 24; 60:2, 7, 12, 17  
terminate 13:11, 14; 17:9; 24:11, 16  
terminated 17:4; 19:6; 25:1, 6; 36:22; 64:22  
terms 19:8; 48:8; 79:22; 88:9  
terrible 74:12, 17  
terribly 31:21  
test 74:20  
testified 4:6; 15:20; 52:12; 65:4; 80:25  
testimony 33:25; 36:2; 37:6; 60:16; 61:16; 65:19; 66:3; 69:8, 10, 20; 70:4, 5, 11; 71:7, 14; 72:19; 79:1; 81:24; 83:24  
testing 1:22, 25  
themes 59:3, 4  
themselves 6:25; 39:12  
theory 46:25  
thinking 24:13  
third 29:2; 30:3; 32:3, 7; 74:19; 75:11  
though 3:24; 62:5  
thought 11:15; 16:22; 17:16; 40:4; 48:4  
three 27:17; 28:9, 10; 34:9  
thrust 33:4  
times 9:19; 21:1; 69:4; 78:20; 81:8, 17  
tip 66:1

**TITLE** 89:4

Tobacco 3:2, 23; 16:4; 19:4; 20:24; 22:3; 23:2, 5, 23; 27:3, 9; 31:12; 35:24; 37:6, 7; 38:13, 14; 39:9, 10; 40:4; 41:25; 42:24; 43:14; 44:10, 18; 45:12, 13; 50:2, 12, 14; 51:20; 52:8, 17; 53:9; 54:14, 15, 16; 55:11, 23; 56:10, 12; 58:9; 59:14; 60:10, 12, 13; 61:5, 19, 20, 21, 23; 62:1; 65:14; 66:1; 67:11; 69:5; 70:6, 12, 16, 21; 78:13, 21, 22, 24; 79:11, 16, 19; 80:12, 22; 82:6, 16, 18; 83:4; 84:15; 86:16; 88:3, 11; 89:4  
today 4:20; 6:19; 26:24; 36:7; 38:6; 42:2; 43:12; 68:16; 69:4; 70:5, 25  
together 44:5  
told 16:5, 20; 37:17; 39:16; 57:16; 60:23; 61:2, 5; 70:23; 73:4  
Tom 26:2, 22, 23  
tomorrow 36:8  
tongue 66:17  
took 19:4; 22:6, 25; 23:15; 33:22; 41:22  
tool 31:3, 23; 38:11, 15; 39:17, 19

**top** 33:19  
toughen 49:24  
toward 46:6; 57:11  
toy 41:17  
tracking 26:8, 16, 18  
Trade 4:11, 20; 73:23; 89:9  
transcript 72:24; 89:6, 7, 20  
treat 78:18  
tremendous 45:10  
trend 32:8, 10, 12, 13, 14, 15, 17, 18, 19; 33:17, 19; 35:11, 17  
trends 28:17; 29:1; 33:16  
trial 78:4  
tried 73:11  
trigger 67:22  
true 10:15, 22; 41:7, 11; 55:9; 56:19; 57:18, 23, 23  
truly 75:18  
try 23:12; 55:20; 59:9; 87:9  
trying 9:5; 28:25; 35:9; 67:18, 20; 69:25; 82:10  
turn 67:2; 68:19  
twice 80:25  
two 10:13; 12:10; 49:5; 80:4; 81:23; 83:7  
type 25:4  
types 52:11  
typical 25:4; 62:11; 63:22

61:3; 62:12; 63:13  
uses 78:3  
using 15:23; 16:4, 7; 38:15; 41:16; 46:4; 47:23; 74:25; 78:5  
usual 30:20; 59:19, 25; 60:3, 17, 24  
utilized 61:5

**V**

vague 70:15  
various 50:7; 51:4; 55:22  
vehicle 62:16  
vehicles 73:6  
versus 45:3  
view 9:4, 20, 21; 10:1; 13:20; 14:1, 6, 9, 10, 13; 16:11; 17:2; 18:1; 39:11; 41:14; 46:13, 14; 47:20; 49:3; 50:6; 64:12  
views 42:1; 76:10  
visited 6:21  
visiting 63:19, 23  
volunteered 35:1

**W**

wait 17:8, 14  
waited 17:23  
Wall 81:20  
wants 82:2, 8  
warnings 47:16, 17  
Washington 43:22; 66:11; 81:3

Waxman 65:23; 66:4  
way 21:7; 23:10; 25:10; 39:25; 49:16, 24; 50:15; 51:14; 54:9, 10; 55:10, 17; 56:22; 57:24; 63:11; 74:1, 14; 81:23  
ways 55:25; 62:21; 74:15; 88:4, 7

weapon 62:4, 5  
week 41:22; 72:1; 80:2  
whatsoever 47:3; 75:2  
Whereupon 4:3  
whole 38:22; 43:25  
wholly-owned 78:13

WILLIAMS 7:3, 3; 20:21; 40:16; 41:13; 56:24; 63:9; 70:15; 72:18; 74:9; 88:13  
willing 61:24; 82:20  
willingness 24:22

Winston 83:8  
Winston-Salem 10:25; 22:19; 33:7  
winter 22:10  
WISE 7:5, 5; 17:10; 21:14, 16; 34:4; 40:19; 42:3, 6; 52:7; 69:19; 71:10, 17, 24; 73:1; 74:19; 76:3; 77:19  
used 35:24; 42:19; 60:12; 65:1; 74:21; 87:16

**Y**

YAS 30:18; 68:21  
year 7:24; 14:25; 15:4, 15, 19; 17:7; 28:1; 38:19; 40:2, 5, 10; 52:12  
years 33:10, 15; 40:15; 46:3; 56:15; 59:9; 82:22  
yesterday 5:3; 6:20  
York 18:19; 64:16; 81:7, 17  
young 41:15; 47:15; 52:18; 60:4; 66:13; 71:24; 89:15, 24  
younger 26:12; 59:3, 25; 60:2, 18, 25; 69:15, 17, 19; 71:8, 10, 19  
youngest 85:13  
yours 54:7  
youth 50:4; 51:25; 53:24; 54:1; 74:21; 87:16



# Executive PROFILE

## **STEVEN F. GOLDSTONE**

**Chairman**

**Chief Executive Officer**

**RJR Nabisco**

Steven F. Goldstone is chairman and chief executive officer of RJR Nabisco, Inc., a world leader in manufacturing and marketing of consumer packaged goods.

Mr. Goldstone was elected chairman of RJR Nabisco in May 1996. He became chief executive officer and a director of the company in December 1995. He became president of the company in October 1995.

From February to October 1995, Mr. Goldstone served as the company's general counsel. Prior to that he was a partner in the law firm of Davis Polk & Wardwell. He joined Davis Polk in 1970, after graduating from New York University Law School. He became a partner in the firm in 1978.

Mr. Goldstone has served at various times as an advisor to RJR Nabisco and its predecessor companies since 1978.

Mr. Goldstone received a Bachelor of Arts degree from the University of Pennsylvania in 1967. He is a resident of Ridgefield, Connecticut.

# # #

November 1997

52189 3440

EXHIBIT

Goldstone



Interoffice Memorandum

**DATE:** November 15, 1996

**TO:** Andy Schindler

**FROM:** Steven Goldstone

**SUBJECT:** Marketing Initiatives

Thanks again for the 1997 Plan presentation in our offices earlier this week. I certainly agree with your underlying strategy, i.e., to strengthen the business with solid and effective marketing programs while we continue to cut costs and grow earnings. I also think that some of the ideas we are looking at are the most powerful and creative that have come out of the tobacco company in a long time. On the other hand, I am concerned that at this late stage (remember, 1997 is supposed to be the year we start to show we can turn the company around), we have not yet decided on our marketing strategies for Winston and Salem. I also have some questions regarding our strategies for base Camel. I would like to visit with you and your marketing colleagues in early December to discuss the following:

**Camel.** I touched on the issue of Camel (ex. Regular) at the Plan meeting. Should you be satisfied with the 6% growth forecast for 1997 which translates to a market share improvement of about .3%? I recognize that only three full priced brands are growing share and the brand faces a significantly stronger competitor, but the number one brand is growing share at a strong rate which indicates that there are smokers out there to be persuaded to a high visibility, premium priced brand. Don't get me wrong. Your company has done one hell of a job bringing this brand back to life. But given that our share of the YAS is not growing and we may be losing older smokers to competitors, what do these dynamics say about our current programs? In short, is

52189 3441



CONFIDENTIAL

221 4235

there anything more we can do in terms of packaging and advertising to strengthen the brand's appeal?

We have been talking for more than a year now about work on an alternative to Joe Camel. Time is getting short. I would like to see what we have developed for a new Camel family campaign.

**Winston.** We should spend some time on your "decision tree" for Winston in light of the various marketing options now on the table. Unless we make some reasoned decision on these options now, I foresee significant delays in resolving a repositioning in Winston. First, the data coming back from Florida seem to be inconclusive and it doesn't appear as if things will clarify much by mid-January. In addition, the no additives campaign leaves us with the real negative of an unimproved Winston Lights. In the meantime, you indicated enthusiasm for a "Change" campaign, and I must say the new Winston package looked great. How quickly can we test the new pack and the Change campaign? Should we decide now to test the new packaging for Winston along with the Winston Lights improvement without any supporting campaign? What is the cost and the downside for such an approach?

**Salem.** I was somewhat surprised by your comment that the Innovation campaign may not be as effective as first thought because of its skew to older females. I was under the impression that we knew of this skew already and were comfortable with it. Didn't the Innovation campaign test extremely favorably? In any event, I know you are now looking closely at the "Green campaign". How quickly can we come to a decision on this idea? Also, are we close to coming up with a winning design for Salem packaging.

I know you've got a myriad of questions on all of these issues that have no statistical answers today, but I need to know how we can shorten the testing time line that might otherwise prevail. At our meeting in December, I would like to hear what you believe is your one best idea for Winston and for Salem, regardless of testing status, and see a payback analysis for it assuming we are successful in stabilizing share. And recognizing that it's always easier to effect market change if you go in with all guns blazing, I

52189 3442

would like to hear, in empirical terms, how partial programs, e.g., packaging and blend changes only, compromise chances for success.

Your company obviously wants to make sure that it moves forward with good campaigns that have been adequately researched. But we need to recognize that our time is growing short, not only because of external issues but because of our weakening competitive position and the growing impatience of our shareholders, who believe 1997 is the year of answers for the domestic company.

Thanks.

cc: Hunt Whitacre  
Rob Sharpe

Produced by RBB

CONFIDENTIAL

52189 3443



**INTER-OFFICE MEMORANDUM**

C. Roger Hill  
Director - Business Planning  
741-7284

February 29, 1996

Mr. Tom Pierce

Subject: Share of Smokers

Attached is the information requested by Steve Goldstone covering Share of Smokers aged 18-24 from 1985 through 1995 for CAMEL, Marlboro and Newport.

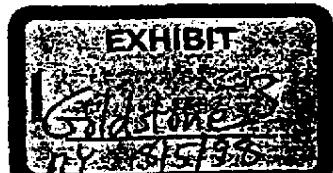
Please call if there are further questions on this matter.

Roger Hill

CONFIDENTIAL - FTC DOCKET No. 9285  
Produced to Federal Trade Commission pursuant to subpoena  
dated June 6, 1997.

52189 3444

51964 4429



R0005870

TOTAL 18-24  
TOTAL US-SHARE OF SMOKERS  
R.J. REYNOLDS CONSUMER TRACKING SYSTEM  
PROFILE AND SHARE OF SMOKERS

PAGE: 1

	TOTAL CAMEL	TOTAL MARLBOR	TOTAL NEWPORT
YEAR 1985	3.3	46.2	10.7
YEAR 1986	3.2	47.9	11.2
YEAR 1987	3.0	54.2	11.0
YEAR 1988	4.4	54.1	11.6
YEAR 1989	4.6	57.4	10.6
YEAR 1990	7.0	57.6	10.9
YEAR 1991	7.9	58.6	10.7
YEAR 1992	10.3	57.0	9.8
YEAR 1993	10.5	56.9	11.0
YEAR 1994	10.1	60.8	12.0
YEAR 1995	10.1	61.6	12.8

REPORT OF R.J.  
REYNOLDS  
TO THE  
HUMANITY

CONFIDENTIAL - FTC DOCKET No. 9285  
Produced to Federal Trade Commission pursuant to subpoena  
dated June 6, 1997.

52189 3445

51694 4430

NABISCO 2/29

Steve -

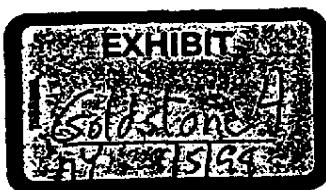
This is the detail on Camel YSS share - as usual your suspicion were dead right. You'll note that the gap to Marlboro has increased from 43 pts to 52 over the decade.

Rich

cc - RSR

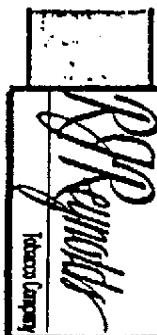
Rich Russell

52189 3446



CONFIDENTIAL

219 1075



## CAMEL SHARE OF YASS SMOKERS (%)

	<u>Total CAMEL</u>		<u>Marlboro</u>		<u>Newport</u>	
	<u>Share</u>	<u>% Growth</u>	<u>Share</u>	<u>% Growth</u>	<u>Share</u>	<u>% Growth</u>
1985	3.3		46.2		10.7	
1990	7.0	112%	57.6	25%	10.9	2%
1995	10.1	44%	61.6	7%	12.8	17%

~~updated 09/2008 ref 2008~~

AMBER BRAND (NOT V.O.)  
Produced by TRUSSARDI

CONFIDENTIAL

219 1076

PAGE:

**TOTAL 18-24**  
**TOTAL US-SHARE OF SMOKERS**  
**R.J. REYNOLDS CONSUMER TRACKING SYSTEM**  
**PROFILE AND SHARE OF SMOKERS**

	TOTAL CAMEL	TOTAL MARLBOR	TOTAL NEWPORT
YEAR 1985	3.3	46.2	10.7
YEAR 1986	3.2	47.9	11.2
YEAR 1987	3.0	54.2	11.0
YEAR 1988	4.4	54.1	11.6
YEAR 1989	4.6	57.4	10.6
YEAR 1990	7.0	57.6	10.9
YEAR 1991	7.9	58.6	10.7
YEAR 1992	10.3	57.0	9.8
YEAR 1993	10.5	56.9	11.0
YEAR 1994	10.1	60.8	12.0
YEAR 1995	10.1	61.6	12.8

88  
89  
90  
91  
92  
93  
94  
95

Produced by R.K.C  
in  
THE UNIVERSE

52189 3448

*GCP*  
*Excellent news*  
*and direction*  
*TMW*  
R.J. Reynolds Tobacco USA  
Winston-Salem, NC 27102

## Agency Memo

RJR

TO: Messrs. B. Schweig, B. Dunn, A. Richter, R. Morgan, S. Cortina  
AGENCY: McCann-Erickson  
FROM: C. Pennell  
DATE: May 12, 1989  
SUBJECT: 1990 Promotion Planning

This memo serves to confirm and reiterate the discussion we had on May 1 regarding objectives, strategies and tactical inferences for our 1990 promotion plan. Specifically, listed below are the key points that must be accomplished in our 1990 plan:

- First and foremost, all that we do on CAMEL should be fun, irreverent, appealing to target smokers. These elements are what made the 75th Birthday and "Smooth Character" campaign introduction so effective, and cannot be compromised.
- Accordingly, we must use the promotional arena to provide depth and dimension to the CAMEL character. He is the key identity for this brand and responsible for the positive momentum we have seen to date. I am concerned that we are going to over manage the CAMEL character's personality to the point that the fun, irreverence and intrigue goes away. I think Craig put it very well in his quote in the New York Times. The notion is that "Old Joe is a character who doesn't take himself very seriously and that's appealing to our target ... who are fed up with people who posture."
- Strategically, we must use promotion to continue improving perception and elicit a greater level of emotional involvement with the brand and consumer behavior (purchase patterns).
- Given the strength, fit and flexibility it provides, we should continue with the theme "Smooth Characters have Smooth Moves." This doesn't mean utilizing the "tips" creative approach necessarily, but that whatever we do and however we do it works to communicate this theme.
- If we use sub-themes (quarterly, etc.), they must operate as creative approaches versus being specific interest areas or concentrating on a specific advertising character/situation. Put another way, the "tips" format for 1989 was an effective approach to deliver the "Smooth Characters have Smooth Moves" theme that anything else could be.

THIS DOCUMENT IS SUBJECT TO AMENDMENT AND COURT ORDER DATED APRIL 23, 1993  
AND SHALL NOT BE USED, SHOWN OR DISTRIBUTED EXCEPT AS PROVIDED IN THE  
COURT ORDER.

95888456



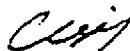
structured within. While sub-themes looked good on paper, I am not so sure now that we should force ourselves in this direction.

• The promotion plan for 1990 should work on two levels in reaching YAS. First is a broader/more generic base plan that is relevant/appealing to all YAS. The second level is to further impact YAS by associating with identified "special interests." Special interest involvement must go well beyond merely being represented in appropriate magazines and events, but should show our understanding and commitment to a specific special interest(s) in which YAS are emotionally involved.

• While our target should remain YAS males and assume a FUBYAS strategy, we must remain sensitive to not alienating females given the growth seen among this group.

Effective and efficient utilization of CAMEL's 1990 promotional efforts is going to be crucial to this brand. In pursuing that objective, we must ensure that fun, irreverence and true entertainment value is present in what we do. To that end, we must have fun and continue to push toward the edge, making people (internally and externally) truly take notice and consider what we are doing. This was the case for 1989 and must go even further in 1990.

Should there be questions or if additional information is needed, please do not hesitate to let me know. I look forward to a most productive and "fun" meeting on the 25th.



Cliff Pennell

CC: [redacted]

cc: Mr. R. M. Sanders  
Mr. H. B. Macfarlane  
Mr. G. G. Strauss  
Mr. M. R. Bolger  
Mr. C. Middleton  
Mr. T. J. Guerin

THIS DOCUMENT IS SUBJECT TO STIPULATION AND COURT ORDER DATED APRIL 2, 1991  
AND SHALL NOT BE USED, SHOWN OR DISTRIBUTED EXCEPT AS PROVIDED IN THE  
COURTS ORDER  
LSW 86905

5125  
05450

RJM011400

89M01418



# M E Z Z I N A / B R O W N I N C.

401 PARK AVENUE SOUTH NY, NY 10016  
TELEPHONE 212 251 7703

*John L. Mezzina*

Chairman  
Executive Creative Director

January 2, 1997

Mr. Steven F. Goldstone  
Chairman & CEO  
RJR-Nabisco, Inc.  
1301 Avenue of the Americas  
New York, New York 10019

Dear Mr. Goldstone:

I am delighted to hear of your enthusiasm for our new Camel advertising campaigns.

I understand we'll be meeting in the near future and look forward to that.

In the meantime, I've enclosed a set of the ads -- both laminated and framed. Enjoy!

Cordially yours,

*SL*

*Goldstone*

*Exhibit # 6*

52189 3451

219 0990

FAX: 212 679 4818